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DUN & BRADSTREET MONTHLY REVIEW



IS POPULATION MOVING BACK TO THE FARM?

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THE ACTIVITY BAROMETER



MAY 6, 1936
81.0

APRIL 8, 1936
77.5

The trend in industrial activity during April moved steadily forward, bringing the Activity Barometer for the week ended May 2 to 81.0. This was the highest level attained since the first week of this year, and contrasted with 67.8 for the corresponding period of last year, or an increase of 19.5 per cent. Steel mill operations reached a peak of 71.2 per cent of capacity in the last week of April, the highest since the Spring of 1930, while carloadings expanded steadily since the flood interruptions of late March.

BAROMETER AND ITS COMPONENTS

(Estimated normal = 100)

	Activity Barometer	Steel Production	Car Loadings	Electric Power	Bank Clearings	Fuel Price Index
May 6, '36	81.0	78.4	68.0	97.6	58.2	82.3
Apr. 29, '36	80.8	78.8	67.0	96.8	57.9	82.7
Apr. 22, '36	80.2	78.3	66.1	96.0	57.6	82.3
Apr. 15, '36	79.9	75.9	65.7	96.9	58.1	83.9
Apr. 8, '36	77.5	72.0	63.2	96.0	58.3	82.3
May 8, '35	67.8	47.2	57.1	85.9	50.5	83.6

THIS ISSUE

The increase of around 500,000 in the total number of farms since 1930, or a gain of about 9 per cent, is viewed by many as the revival of a definite migration from urban centers. Just how this trend compares with the major shifts in the decade 1920-1929 and the agricultural districts most widely affected are pointed out in the article "Is Population Moving Back to the Farm?"

The controversies involved in measuring price discrimination are set forth in Article II of the "Federal Trade Commission Decision in the Goodyear Case." In his third and concluding article in the June issue, Edwin B. George will take up the disputed effects of price discrimination in this case and generally, issues which affect every business that maintains such a price differential.

In the preparation of his article, "Credit Policies of Retailers," Walter Mitchell, Jr., analyzed fifteen leading lines of retail trade from returns to the third Dun & Bradstreet Retail Survey, now in progress. He used as a sample for each trade 300 to 1,500 stores.

IS POPULATION MOVING BACK TO THE FARM?

Recent movements of population are depicted graphically in the following article abstracted from a report prepared for the National Resources Board by the Division of Land Economics, Bureau of Agricultural Economics of the United States Department of Agriculture.

FOR nearly a century after the declaration of national independence the free land of the West afforded most of the rural youth opportunity to establish homes and accumulate wealth; but after the Civil War the rapid industrial development resulted in the migration of more and more youth from the farms to the cities. This migration was very heavy during the World War and was resumed in great magnitude after the depression of 1921. During the decade 1920-1929 it is estimated that over 19,000,000 people left the farms for the cities and that 13,000,000 returned, leaving a net cityward migration of over 6,000,000.

About 60 per cent of this migration was from the South. Negroes constituted about one-third of this migration from Southern farms. The net migration from the farms of Georgia during the decade was about 500,000, which was 30 per cent of the farm population in 1920. Texas also lost over 500,000, which

was nearly 23 per cent of the 1920 farm population. In South Carolina the migration was about 31 per cent of the 1920 farm population. The net migration between 1920 and 1930 exceeded 20 per cent of the farm population in 1920 in the Southern border States of Virginia, Maryland, West Virginia, Kentucky, and Tennessee, and also in the Western States of New Mexico, Montana, and Idaho. In Utah it exceeded 34 per cent. In most of the Northern States it ranged between 15 and 20 per cent of the 1920 farm population.

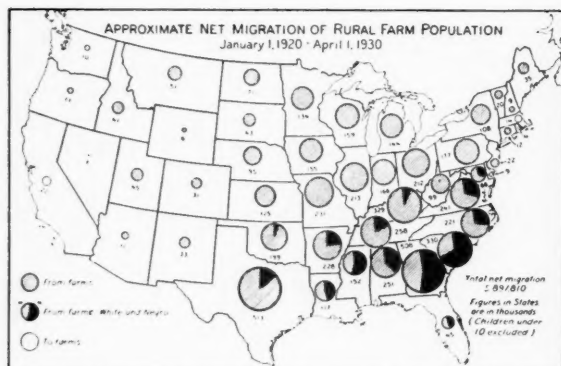
The Contribution to Cities

Fully a third of these migrants from the farms to the cities and villages were under 15 years of age, more than a third were 15 to 25 years of age, and nearly a tenth were 25 to 35 years old. The cities obtained these migrants near the beginning of their productive life almost free of cost, so to speak, and most of these people have not as

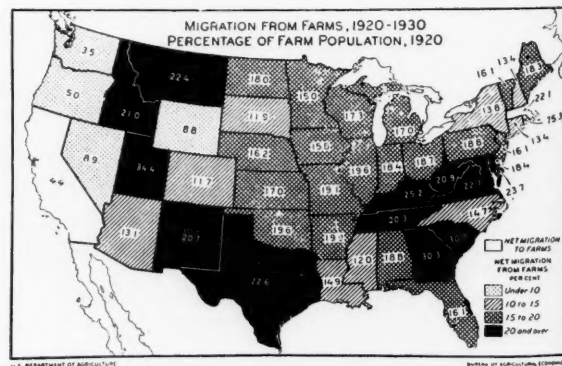
yet lived long enough to become a burden in old age. Adding the immigrants from foreign lands to the migrants from the farms, it appears that the cities had to feed, clothe, educate, and provide with medical service only a little over 40 per cent of the young people who started to work in their industries, stores, and offices during the decade 1920-1930. About 20 per cent were immigrants from abroad and 40 per cent were migrants from rural districts, mostly from farms.

The Farm Crop of Children

The cost of the contribution which the farming people have made to the productivity and prosperity of the cities, suburbs, and villages is greater than is commonly recognized. If it costs \$2,000 to \$2,500 (at predepression prices) to rear and educate the average child on American farms to the age of 15, when he may be assumed to be self-supporting—and \$150 a year does not seem an excessive esti-



About 60 per cent of the net migration from the farms during the decade 1920-1930 was from the South. Negroes constituted one-third of this migration from Southern farms. The birth rate is high among Southern rural people, and economic opportunity is less than in the North. If it costs only \$2,000 to rear and educate a child to the age 15 (\$135 a year and no allowance for interest), these 3,600,000 migrants from farms in the Southern States represent a contribution roughly of \$7,000,000,000 made during the decade by the farm population of the South to other parts of the nation, mostly to the cities.



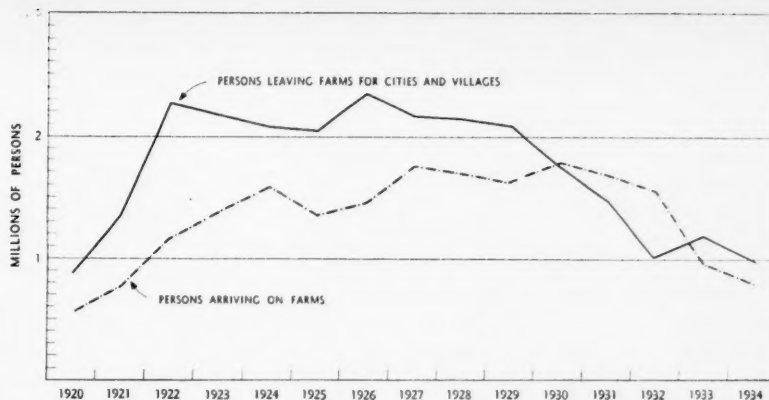
Migration from the farms was heavy in much of the South, rising to about 30 per cent in Georgia and South Carolina. In the North the range was from 12 per cent in South Dakota to 20 per cent in Illinois, except that in Massachusetts and Rhode Island there was apparently a net migration to farms. In the Far West the rate varied primarily with the religious influence and the birth rate. In Utah, where the birth rate is high, migration was 34 per cent. In Oregon and Washington where the birth rate is very low, the ratio was 5 and 3.5 per cent and in California there was a net migration to farms.

mate of the cost of food, clothing, medical services, education, and all the incidental expenses—then the 6,300,000 net migration from the farms during the decade 1920-1930 represents a contribution of over \$14,000,000,000. This contribution is almost equal to the value of the wheat crops plus half that of the cotton crops during these years.

Nor is this all. When the farmer and his wife grow old and die, the estate is divided among the children. During the decade 1920-1930 about one-sixth of the farmers and their wives died, and their estates were distributed among the children. Nearly one-half of the children had moved to town, and those children who remained on the farm had to mortgage the farm in many cases in order to pay the brothers and sisters who lived in the cities their share of the estate. Several billion dollars at least were transferred to the cities during the decade incident to the settlement of estates.

Recent Migration

In 1930, the first year of the depression, migration to and from farms about balanced. But by 1931 migration from the farms had decreased over 500,000 below the pre-depression level, while migration to the farms continued at the old level. In 1932 there was a further drop of nearly 500,000 in the number of migrants from farms, while migration to farms diminished only slightly. During 1931 and 1932 the farm population increased about 750,000 through immigration in addition to about 900,000 through excess of births over deaths. But in 1933 migration from the farms increased slightly, while that to the farms decreased greatly, with a resultant net migration from the farms of about 227,000. In 1934 the net migration from farms was again a little over 200,000. Farm population, however, owing to the 481,000 excess of births over deaths, continued to increase, reaching the highest point in the nation's history. The details are given in the following table:



From 1922 to 1929 migration from farms to cities exceeded 2,000,000 each year, constituting probably a larger movement than ever before in the nation's history. But many people returned to the farm, for the net migration from the farms averaged less than 800,000 annually. In 1927, the city movement began to slacken, by 1930 the net migration was away from the city back to the farm, but in 1933 the city trend appeared again.

Shifts in Farm Population

(Thousands of Persons)

Year	Leaving Farms	Arriving on Farms	Net Movement	Natural Increase	Farm Pop. Jan. 1
1920..	896	560	336	425	31,614
1921..	1,323	759	564	629	31,703
1922..	2,252	1,115	1,137	659	31,768
1923..	2,162	1,355	807	573	31,290
1924..	2,068	1,581	487	495	31,056
1925..	2,038	1,336	702	422	31,064
1926..	2,334	1,427	907	404	30,784
1927..	2,162	1,705	457	451	30,281
1928..	2,120	1,698	422	404	30,275
1929..	2,081	1,604	477	389	30,257
1930..	1,723	1,740	17	399	30,169
1931..	1,469	1,683	214	442	30,585
1932..	1,011	1,544	533	468	31,241
1933..	1,178	951	227	494	32,242
1934..	994	783	211	481	32,509
1935..	...	...	...	...	32,779

Most of these migrants from the farms during the last two years were apparently people who had sought shelter and sustenance with rural relatives or friends during the depression, and now were able to resume their work in the cities, or to obtain aid under the Civil Works program or from relief agencies. Relatively few, apparently, were young people going to the cities for the first time. Most of the young people remain "backed up" on farms. These young people will soon wish to establish homes of their own. If the net migration from the farms during the next five years should balance the net migration to the farms during the period 1930-1934, there would be about 2,300,000 more males over 18 years of age on farms in 1940 than there were in 1930; and if the proportion of males of these ages operating farms in 1940 is the same as in 1930, there would

be about 1,500,000 more farms in the nation by 1940.

Absorbing the Excess

However, a much smaller proportion of the young men on farms are farm operators than of the older men: Only 60 per cent of men on farms 25 to 35 years of age operated farms in 1930, as compared with 90 per cent of those over 35 years of age. Prior to the depression, between 350,000 and 400,000 young men on farms reached the age of 18 each year, but only about half of these young men were found on farms ten years later. The other half had gone to the cities. About 100,000 farm operators died each year during that decade, while both number of farms and proportion of men on farms who were farm operators remained almost constant. Apparently 100,000 farms more than before the depression are needed each year to provide the normal proportion of all the young men with farms.

As the number of older farm operators increases, deaths will also increase, but probably farm vacancies have not increased much as yet because of the effect of the depression in retarding the retirement of farmers. Apparently at least 500,000 more farms than in 1930 are now (1935) needed to provide with farms a normal proportion of the rural youth backed up on farms during the last five years. To provide these farms will in-

volve in general less acreage per farm or the use of poorer land. Either of these developments is very likely to result in lowering the production per worker in agriculture.

Will this downward trend in production per worker be avoided by a resumption of the predepression migration to the cities? Or will it be avoided by the decentralization of factory industry and development of much part-time farming? Or will there be a great increase of commuters who live on small farms or in villages, but work in the cities? Or will rural home industry develop and many farm families make more of the things they have been accustomed to buy? It is impossible at present to answer these questions, but it is possible to say that there are trends, apparently, in all four of these directions. Let us consider first the forces that pushed people off the farms prior to the depression.

Technical Progress

Advances in scientific knowledge and progress in agricultural technique, particularly in the application of power to the plowing of the land and the planting and harvesting of the grain and hay crops, enabled an almost stationary number of farmers for a quarter century prior to 1930 to feed a rapidly increasing national population and have a surplus of products left over for shipment abroad. During the past century agricultural production per worker has increased fully two and one-half fold, possibly threefold. In wheat production the increase per worker has probably been tenfold or more. The increase was especially rapid after the World War. During the ten years between 1919 (average 1917-1921) and 1929 (average 1927-1931) agricultural production per worker (work-year) increased nearly 25 per cent. However, about half this increase was owing to the substitution of gasoline for horse and mule feed, this feed being used mostly to increase the production of meat and milk. The average American farmer, after allowing

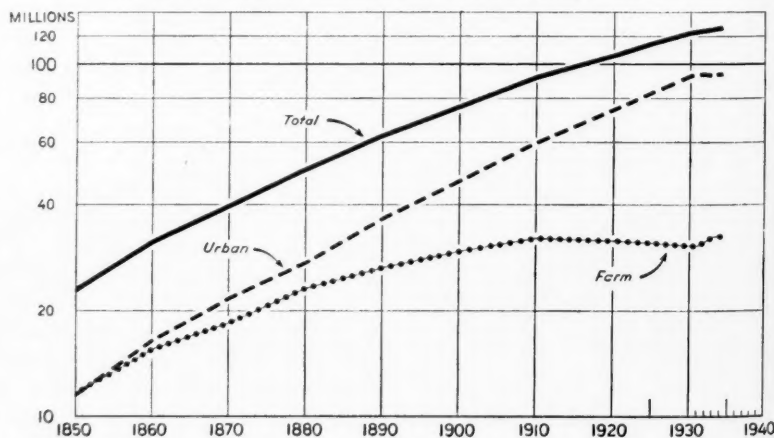
for the services of the hired laborer, in addition to feeding three other persons in his family, provided just prior to the depression food and fibers for twelve people living elsewhere than on farms and two more persons living in foreign countries, a total of eighteen in all.

Nevertheless, production per person engaged in several types of farming has not increased so rapidly as is commonly assumed, and there is a wide margin available for further advance. The increase in efficiency has been notable principally in the production of the small grain and hay crops. Cotton is picked by hand today as it was a century ago, most of the corn is still husked or snapped by hand, and practically all the fruit is picked by hand, while much of the fruit has to be sprayed also, a task which was not performed a century ago.

Practically half the farms in the nation produced less than \$1,000 worth of products in 1929, a fairly prosperous year, and over a fourth of the farms produced less than \$600. These figures include the value of the products from the farm consumed by the family. If only the value of products "sold or traded," to use the Census phrase, be included, those farms that produced less than \$600 worth of products—28 per cent of all the

farms in the nation—contributed only 3 or 4 per cent to the nation's commercial production of farm products; and the farms that produced less than \$1,000 worth of products, 49 per cent of all the farms in the nation (including those that produced under \$600), contributed only about 11 per cent of the commercial production. Undoubtedly the most productive half of the farmers of the nation, those who contributed about 89 per cent of the commercial production in 1929, could within a few years provide the other 11 per cent of the commercial production if prices of farm products encouraged them to do so. From the standpoint of commercial production nearly half the farmers of the nation are not needed. But it is these farmers, pursuing a largely "subsistence" system of farming, who are producing more than their proportion of the children that, prior to the depression, migrated to the cities; and in the future children will be even more valuable than in the past. From the economic standpoint fewer farmers, apparently, are needed. But from the social standpoint, and from the standpoint of national welfare (assuming the harmful consequences of a declining population) more farmers are needed, or at least more families that have that stability

FARM AND URBAN POPULATION IN THE U.S., 1850-1934



U.S. DEPARTMENT OF AGRICULTURE

AAA

The rapid expansion in urban industries evidenced in the last 100 years or more absorbed what would otherwise have been the natural increase in farm population, preventing serious over-population of rural areas since the exhaustion of the supply of free land. Since 1910, the farm population has not increased at all, except during the depression years.

and strength which is associated with living on the land.

Reasons for Migration

In Georgia and South Carolina erosion has been very severe, in the Piedmont portions particularly. Dr. Bennett, of the Bureau of Chemistry and Soils, states that "probably not less than 60 or 65 per cent of all the upland . . . has lost from around 4 to 18 inches of its top soil and subsoil. . . . Many of (the) gullies have cut down to bed rock." The number of farms in the Piedmont portions of these States decreased by 50,000 between 1920 and 1930. In some counties nearly half the farm population migrated to the cities or to other parts of the nation. Undoubtedly erosion was a factor in inducing migration also in much of North Carolina and Virginia, in Kentucky, Tennessee, Arkansas, Texas, and Oklahoma, and even in parts of Missouri and southern Iowa.

In the North, crop removal and leaching have reduced the fertility of millions of acres, particularly of land that has produced timothy hay for shipment to city markets. Reduction in soil fertility doubtless has been a factor in promoting migration, particularly in the Northeastern States. On the other hand, the development of dairying and egg production, through the importation of large quantities of mill feed, grain, and hay from the

West for the cows and chickens, has doubtless resulted in improving the soil on many dairy and poultry farms. A vast transfer of the elements of soil fertility from the wheat regions and the corn belt to the dairy farms of the Northeastern States is in progress. The result of migration in this northeastern region has been to concentrate the farm population on the more fertile and more level lands or on those more favorably located with reference to markets; but of course most of the people from the hills and areas of stony or poor soils went to the cities rather than to other farms.

In Georgia and South Carolina the boll weevil took a heavy toll during the post-war decade. Not only the boll weevil but also the difficulty of controlling diseases among crops and animals in the South, where the Winter cold is not sufficient to kill the ticks and various worms and nematodes that hibernate in the soil, have tended to retard agricultural development, and probably at times have induced migration. The losses assignable to these diseases have been less conspicuous than the devastation caused by the boll weevil, but it seems not unlikely that in the long run their influence has been as great.

Another factor which has not been given the consideration it deserves, is the attitude of rural

youth toward farming. Many young people, perhaps a majority, are viewing farming in a different light than was common before the depression. An increasing number see in farming greater economic security than most people obtain in the cities, and in some ways a greater opportunity for a full life.

Economic Opportunity

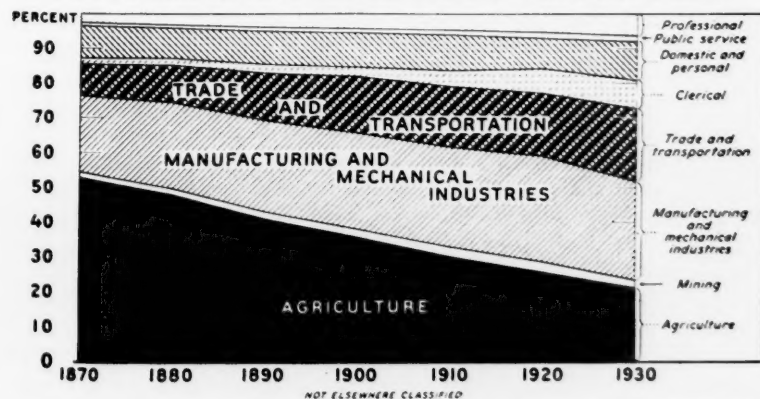
The major factor that has attracted people to the cities has been, or at least appears to have been, the opportunity to make a better living. Although few young people, perhaps, have realized all their hopes in urban employment, and many possibly would have been better off had they remained on farms, it must be recognized that most youths have gained a higher standard of living by migrating to the cities.

It is worth noting that in 1870 over three-fourths of the people gainfully employed were engaged in basic production, i.e., in agriculture, in mining, and in manufacturing and mechanical industries, whereas in 1930 only a little more than half were so employed. Distribution and the various services are performed now in much the same manner as sixty years ago. It is doubtful if on the whole efficiency has increased materially in these fields of labor. For example, as previously noted, although the proportion of the gainfully employed engaged in trade and commerce nearly doubled during the last fifty years, it is very doubtful if the services rendered doubled, or even increased greatly. By advertising and in other ways the consuming public has been persuaded to pay large prices for many products originally of small value. The share of the national income absorbed in trade and commerce has been increasing constantly. Increasing efficiency in basic production, particularly in agriculture, has resulted apparently in increasing complexity and cost in the distributive system.

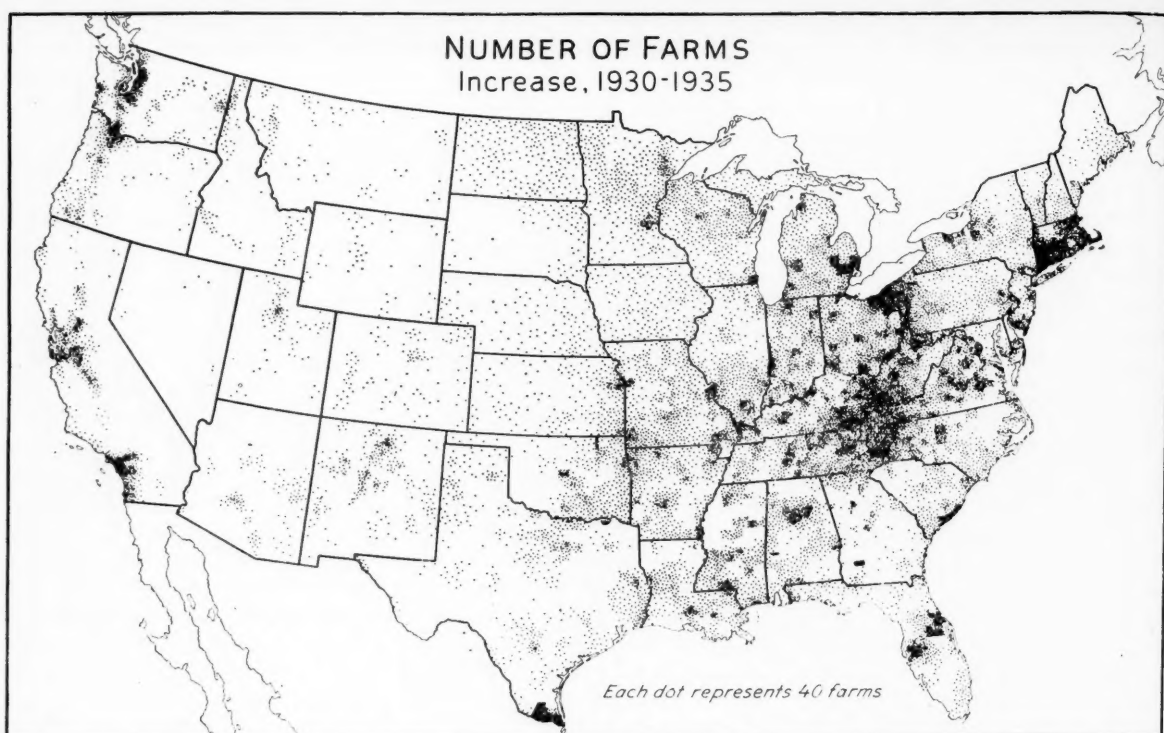
How far can this process go? When will charges become heavier than the traffic will bear? Will the

SHIFTS IN OCCUPATIONS, 1870-1930

PERCENTAGE OF ALL PERSONS OVER 16 YEARS OF AGE ENGAGED IN EACH MAJOR GROUP OF OCCUPATIONS



U.S. DEPARTMENT OF AGRICULTURE
BUREAU OF AGRICULTURAL ECONOMICS
Employment has steadily shifted from agriculture to other occupations. Soon after 1920, a decline started also in the proportion of the population engaged in mining, manufacturing and mechanical pursuits. Between 1880 and 1930 the proportion of the population engaged in trade doubled, while the proportion engaged in clerical work doubled between 1910 and 1930.



U. S. DEPARTMENT OF AGRICULTURE

PRELIMINARY DATA USED ON ABOVE MAP

BUREAU OF AGRICULTURAL ECONOMICS

Instead of a decline in number of farms, which had characterized most States since 1910 and some Northeastern States since 1880, there was a notable and widespread increase in farms. Instead of increasing average size of farms a decrease has occurred since 1930. The 500,000 increase of farms occurred largely in regions of poor soils or hilly surface where the birth rate also generally is high, and near the large cities, particularly those where the surrounding land is cheap. The location of this increase in farms suggests that most of these new farms are small part-time or self-sufficing farms.

children and youth of today find increasing opportunity tomorrow in trade and commerce and in providing personal and professional services, or will they find it in increasing degree on the land and in manufacturing and mechanical pursuits?

Division of Labor

There is a second question involved of almost as great importance. Will the division or specialization of labor continue to increase? Or will the shorter working day in the cities urge many people into dual employment, for example, into part-time farming? By part-time farming is meant the cultivation of a garden or the keeping of chickens and perhaps a cow, by persons employed in non-agricultural occupations, as a means of reducing the cost of living. The lower cost of housing in rural areas results frequently in an even greater saving. Likewise, will the smallness of the income available in agriculture, associated

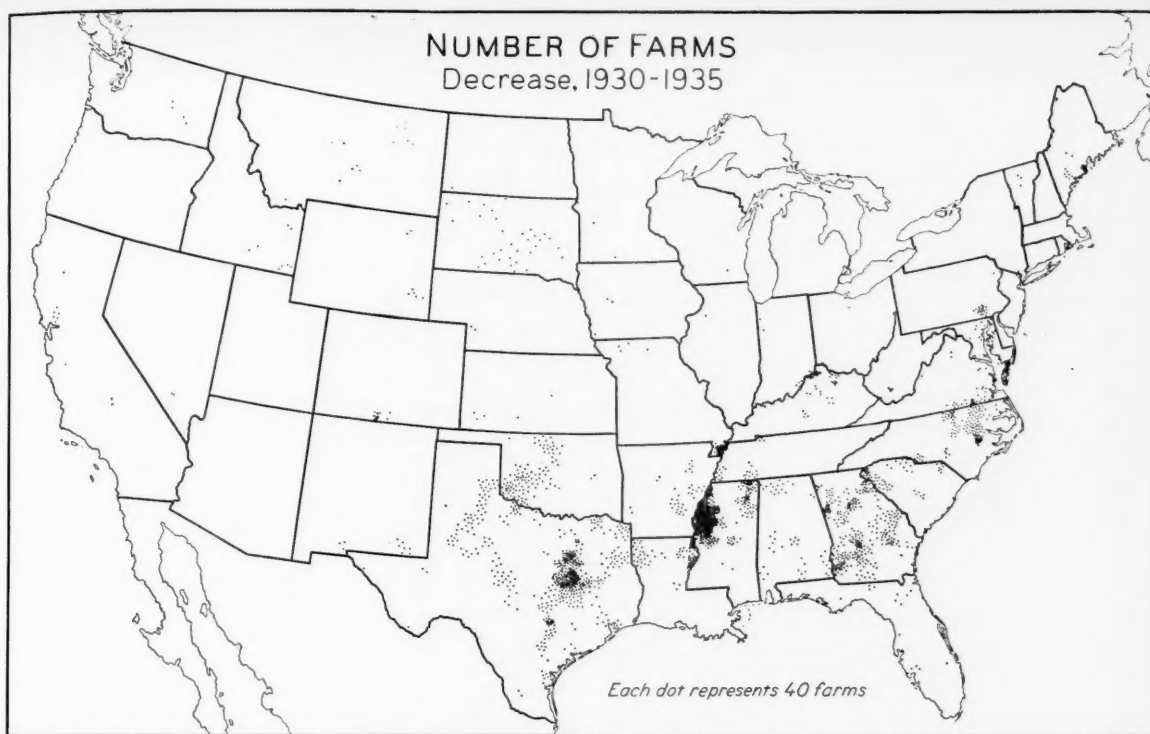
with the high cost of things the farmer buys, urge him to make more of these things himself? Will more farmers put up their own meat and grind their own wheat or have it ground on shares at the local mill? Will more farm women bake bread, can fruits and vegetables, and make many of their own dresses? These are not idle questions. Farmers and farm women are doing these things to an increasing extent.

Decreasing Number of Urban Youth

On the other hand, there may soon develop a large demand for young workers in the cities because of the decreasing number of births. The peak of births in 1921 in the nation as a whole will be reflected in a peak of youth fourteen years old and completing the elementary schools in 1935 and 1936. About 100,000 more children will reach this age in 1935 than in any year heretofore or in all likelihood hereafter. By 1940 there will be nearly 200,000 fewer

children fourteen years of age than in 1935, and by 1950 fully 600,000 fewer, which will constitute a decrease of nearly 25 per cent. Most of this decrease is occurring in the cities. The decline in births between 1930 and 1933 in New York City was 16 per cent and in Chicago was over 19 per cent. In many other cities the decline has been very rapid. In Massachusetts the number of children under one year of age in 1934 was 27 per cent less than in 1930, according to a State census. This trend will be reflected in a great decline in urban youth ten to twenty years hence, unless there is heavy migration from rural areas or from abroad.

On the other hand, births on farms increased in 1932 and again in 1933, according to a sample of about 40,000 families which report annually to the Division of Farm Population and Rural Life of the United States Department of Agriculture. This increase is to be expected in view of the movement, mostly of young people, from



U. S. DEPARTMENT OF AGRICULTURE

PRELIMINARY DATA USED ON ABOVE MAP

BUREAU OF AGRICULTURAL ECONOMICS

The decrease in number of farms was almost confined to the least diversified counties of the Cotton Belt, and to the tobacco growing districts—in other words, where the cropper system of tenancy is characteristic. Mechanization accounts in part for the decrease in farms in the Yazoo Delta, possibly in Texas and Oklahoma, but a larger factor has been the decrease in cotton acreage. Most of the croppers no longer needed remain in the rural areas, but work as wage hands or are on relief. It is probable that the farm population has increased almost as much in the Cotton Belt as in the southern Appalachian region.

cities to farms during the depression, and in view of the fact that there are more than 2,000,000 young people "backed up" on farms who would, under predepression conditions, have migrated to cities. Both these classes of young people are having children, and the number of children apparently is increasing on farms. This condition is in sharp contrast to that prevailing in the decade preceding the depression, during which the number of children under five years of age on farms decreased 16 per cent principally because of the migration of young people, potential parents, to the cities. However, the large number of unemployed in the cities, many of whom probably will have the first opportunity to fill vacant positions, will tend to delay the movement of farm youth to the cities for some time after economic recovery sets in.

But it may be that these young people, and many older people as well, will prefer to live in the suburbs and in territory more re-

mote from the city centers rather than in the cities proper. The development of satellite towns and villages, associated with more or less part-time farming, is dependent in part upon the decentralization of industry and in part upon further improvements in transportation facilities.

Future Trends

Although, the economic conditions during the last five years have been very abnormal, it seems quite likely that after the return of prosperity the mobility of the American people will be less than in the past:

1. There will be fewer young people. Births have declined 20 per cent during the past decade. The peak of youth fourteen years old and completing the elementary school will be reached this year (1935) and next, as previously noted. During the next fifteen years, however, there will be more youth twenty to thirty years of age in the nation than there has been

heretofore, or, in all likelihood, will be thereafter.

2. Probably fewer city jobs will be available than prior to the depression, particularly for unskilled laborers. Many industries have already a productive capacity exceeding the prospective demand, and technology continues to advance.

3. Public relief will tend to make people stay in their home town or village. This would apply not only to those receiving relief, but also to those who may apprehend the need to be eligible.

4. It seems probable that there will be fewer people who can afford to retire to the county seat or to California. Millions of people have lost their savings.

5. Millions of middle-aged people are growing older and will soon lack the courage to move. There can be no doubt that the aging of the American people will have profound economic, social, and psychological consequences.

CREDIT POLICIES OF RETAILERS

by WALTER MITCHELL, JR.

To what extent is retailing done on a cash basis by independent retailers? The facts for fifteen lines are here presented, based upon returns in the Third Dun and Bradstreet Retail Survey

THE third Dun & Bradstreet Retail Survey, now in progress, affords an opportunity to study in considerable detail credit policies of typical groups of independent retailers during 1935. This survey covers more trades than have usually been surveyed by other research sources. The stores in various retail trades have been grouped here according to their breakdown of cash and credit business. Although the typical volume of sales for stores in each of these credit brackets is not available, the sample in each trade includes from 300 to 1,800 stores and is believed to be representative. It could not, of course, yield results as accurate as the Census with regard to the amount of retail credit extended over the country as a whole, and it does not attempt to show volume of consumer credit, but rather to examine prevailing policies and customs among independent retailers.

Fifteen leading lines of retail trade are analyzed. In each instance the larger sample of stores has been reduced to 100 for convenient comparison. The frequency with which various proportions of cash business are reported has been made the basis of the table. Therefore, the proportions of credit business would be the converse value. The stores in the brackets having 60 per cent to 70 per cent cash business are doing 40 per cent to 30 per cent credit business. Except in those cases where installment business is discussed in the text, practically all of the credit business is of the open account variety.

For purposes of this discussion any store doing more than 90 per cent cash business is called a cash store. Retail trade authorities seem to agree that any store with less than 10 per cent credit business is not really attempting to develop a charge clientele, and the

small amount of credit extended is an accommodation to friends, relatives or employees.

Installment business is of prime importance only in the automobile, furniture and department store trade and in some smaller retail lines. In certain of the lines examined here, installment business is secondary but important enough to deserve notice. This includes garages, hardware, lumber, and women's ready-to-wear.

With the lines arrayed in this table in order of the proportion of cash stores, the surprising fact becomes noticeable that four of the five at the top are apparel trades, coming in above the food trades. Men's and boys' clothing or shoes might be charged in a department store by the average customer if he has an account open, but he does not regularly bother to open an account in a specialty shoe store, or a men's clothing store.

According to retail trade ob-

RETAILERS BY CASH AND INSTALLMENT GROUPS, 1935

Trade	90% and Over	80 to 90	70 to 80	60 to 70	50 to 60	40 to 50	30 to 40	20 to 30	10 to 20	Un- der 10%	Total Sample
Number of Stores By Percentages of Cash Business in 1935											
(Lines in order of proportion of cash stores)											
Shoe Stores.....	65	11	9	9	4	1	1	0	0	0	100
Dry Goods Stores.....	61	10	13	8	4	2	1	1	0	0	100
Drug Stores.....	57	15	15	8	3	1	1	0	0	0	100
Women's Ready-to-Wear.....	53	7	7	9	7	5	5	3	2	2	100
Clothing (Men's and Boys').....	41	10	13	17	9	4	4	1	1	0	100
Grocery Stores.....	30	7	12	8	14	7	8	10	4	0	100
General Stores.....	27	10	16	12	15	7	5	5	2	1	100
Filling Stations.....	25	12	19	20	12	5	3	3	1	0	100
Grocery and Meat Stores.....	21	5	8	9	13	10	13	15	5	1	100
Hardware Stores.....	19	8	12	17	16	10	9	6	2	1	100
Garages.....	11	7	14	16	19	13	9	7	3	1	100
Furniture Stores.....	5	1	4	4	7	7	12	21	25	14	100
Motor Vehicle Dealers.....	4	3	6	10	15	13	17	20	10	2	100
Lumber and Building Materials.....	3	1	4	3	6	5	11	23	33	11	100
Number of Stores By Percentages of Installment Business in 1935											
Motor Vehicle Dealers.....	1	4	8	14	16	17	15	10	7	8	100
Furniture Stores.....	17	13	16	14	11	7	8	4	5	5	100

servers, the proprietors of medium and small specialized stores selling dry goods and ready-to-wear have become widely impressed with an important point in the psychology of women. They declare that a woman who has not paid her bill in a large department store will not hesitate to continue purchasing in that store as long as the credit department will approve the charge slip, but she cannot face the small store proprietor across the counter when her bill is unpaid, and will go elsewhere with her trade rather than risk meeting him.

In all four of these lines of trade, even those stores which cultivate credit business do not ordinarily sell more than half of their volume on credit. The number of stores in every 100 who exceed 50 per cent credit business is as follows: shoes, two; dry goods, four; men's and boys' clothing, ten; women's ready-to-wear, seventeen. In the latter two trades, an appreciable part of this credit business is installment trade. One in every ten ready-to-wear shops reports some installment business and, in half of these instances, the installment trade exceeds 10 per cent of the volume. Installment business in men's and boys' clothing stores is about two-thirds as important as in the ready-to-wear line.

Drug retailing, as might be expected, is more completely on a cash basis than any other retail line examined. In addition to standing near the top in proportion of cash stores, only two stores in 100 sell more than 50 per cent of their volume on credit and only eleven exceed 30 per cent credit. Drug stores have developed a wide trade in convenience goods, electric appliances, etc., on a cash basis, and the soda fountain-lunch trade, almost always a large factor, is a cash operation. The few stores with a high proportion of credit business are probably of the type known in the trade as "ethical pharmacies" trading almost entirely with the medical profession and not operating soda fountains.

On the basis of a higher proportion of cash stores, straight

grocery stores are more directly in competition with cash-and-carry chain units than the grocery and meat stores. It is rather surprising to note the extent to which both types of food outlets scatter among the various brackets of cash business, indicating a wide variation in type of trade served, and in competitive conditions. In general, small town grocers and fancy grocers in the large cities are most heavily committed to credit extension.

The very considerable credit extension by filling stations is reported to be largely the result of encouragement by the large oil companies, who in many cases issue credit cards to motorists and assume responsibility for collection of the accounts. It is likewise rumored that this practice—started as a competitive weapon—has yielded considerable bad debt losses and that many of the companies would be glad of relief if all competitors could be persuaded to tighten their credit policies at the same time.

Motor vehicle dealers collect cash for a larger proportion of their sales than might be supposed on first thought, in the face of their widely publicized installment facilities. Only 13 among 100 dealers report more than 70 per cent installment business and 72 of every 100 appear in the installment brackets ranging from 20 per cent to 70 per cent of sales. This may be explained in part by the fact that service receipts have continuously become a larger proportion of the sales of most automobile dealers and a large proportion of service work is on a cash basis, especially in the larger cities. Likewise, there is some uncertainty as to whether the average motor vehicle dealer considers as installment business the price of the car sold on installments, or merely the value of the installment notes. If the latter is general practice it would mean that down payments, usually about 35 per cent of the car value, are reported as cash business.

Garages are spread rather widely

through the various brackets of credit business, probably reflecting differences in the type of trade served, a greater proportion of credit business in small towns, and differences between individual garages in the proportion of labor and of parts or other merchandise which they sell. Only one of every three garages reports credit business exceeding 50 per cent, while only one in every four extends any installment credit, and in half of these cases it amounts to less than 10 per cent of sales.

Furniture dealers are much more heavily committed to installment business than the automobile trade, if we may believe the figures shown here. Seventy-one out of every 100 report installment business in the brackets above 50 per cent and an even larger proportion are selling more than half of their volume on some kind of credit.

It is difficult to say whether the lumber or furniture dealers are more heavily involved in credit operations. Seventy-eight out of every 100 lumber yards reported credit sales as exceeding 60 per cent of their total. Because of the nature of the line, this business consists largely of open charge accounts with contractors. About one-quarter of the yards report some installment business, but in only 11 cases out of 100 does it exceed 10 per cent of the volume.

The amount and character of credit extended by a hardware retailer depends largely on the lines which he carries. Equipment such as electric refrigerators, washing machines, and vacuum cleaners usually must be promoted by installment selling. A small-town hardware trade with farmers runs heavily to open charge accounts, whereas the city trade in small housefurnishings and "convenience items" may include a considerable proportion of cash business. However, only about one hardware store in four sells more than 50 per cent of its volume on credit, and only half of those firms are engaged in installment selling to the extent of more than 10 per cent of their volume.

FEDERAL TRADE COMMISSION DECISION IN THE GOODYEAR CASE

by EDWIN B. GEORGE

This article deals with the controversies involved in measuring price discrimination,— issues reaching deeply into the operations of every business which differentiates among customers in price. A third article next month concerning the disputed effects of price discrimination in this case and generally, will conclude the series.

ARTICLE II

THIS case was brought by the Federal Trade Commission against the Goodyear Tire and Rubber Company because of the latter's contract to supply tires to Sears, Roebuck and Company. With that contract, both Goodyear and Sears were apparently content. The basis of the proceedings was that the arrangement defined by the contract was alleged to discriminate unfairly in price against other Goodyear customers, principally independent dealers, in violation of Section 2 of the Clayton Act which the Federal Trade Commission is instructed by the law to enforce.

Incidentally, the volume and quality of the testimony cannot help but impress the observer with the fact that neither Goodyear, the Federal Trade Commission nor the many witnesses spared themselves in the attempt to illuminate the problem. On its part, Goodyear was defending not merely its private interests but a principle in which thousands of business men believe and may in their turn be called upon to justify before the courts. The arguments of the defense were similarly symbolic. The individuals who happened to be championing these opposed philosophies gave bril-

liant professional performances, but it was after all the issues which counted and in clarifying the issues they were rendering a public service.

The Tests of Discrimination

As will be recalled from the discussion of the Clayton Act in the previous issue of *Dun & Bradstreet*

details which taken separately frequently appear to have only the most distant relation to the popular issues involved. Thousands of manufacturers and distributors may be startled to learn that profound legal battles were waged over the legitimacy of certain odds and ends of practices that to them were commonplace and an unquestioned part of their whole business tradition.

When is price discrimination unfair? Is it sufficient to demonstrate a simple difference in net prices exceeding the differences in cost of manufacturing, selling and delivery? Or should it be measured in terms of the relative amount of profit earned from different classes of transactions? Or is

it something broader and less material, such as an amount of discrimination that can only thrive on secrecy and presumably could not be established and maintained in a truly free and open market? Or must we go beyond the sellers and determine the effect of the prices upon the buyers in terms of their ability to survive, or perhaps merely to compete with each other on a relatively even basis?

Each of these possible tests has its adherents and the arguments



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The present members of the Federal Trade Commission. Left to right: C. S. Ferguson, Jr.; C. H. March, chairman; Ewin L. Davis; W. A. Ayers, and R. E. Freer.

Monthly Review, the tests by which unfair price discrimination are to be determined and measured have been anything but clearly defined in earlier cases. One of the favors that the Goodyear decision has done for business is vividly to illuminate the difficulties that must be met in closely applying the generalities of the law to a specific case. Both the attack and the defense found themselves forced to wind through a multitude of grubby operating and marketing

are already well shaped to their emotional reactions. The law itself (except as it may be revised by further legislation) leaves much of the ultimate decision to the wisdom of the judiciary. The solution here presented by the Federal Trade Commission, already appealed by the Goodyear Company, moves into the Circuit Court presumably on its way to the tender ministrations of the Supreme Court. The Commission's decision represents its effort to apply more exact measurements to an issue that has long been bitterly debated but seldom defined.

The case makes crystal clear the fact that any close regulation of price discrimination will confront business men with some painfully definite problems in determining whether or not their individual pricing policies are discriminatory by the new standards. Almost any manufacturer who sells his product at more than one price is potentially involved.

Many of the possible tests with which he may have to comply in the event of court approval were proposed and strenuously debated in this case. Their treatment by the Commission is therefore of great significance and will be discussed in detail. The present article will consider the specific problems which arose in the attempt to measure and determine whether or not unfair price discrimination was present. The further issues relative to measuring discrimination by effects, and the scope of application of the Clayton Act, will be covered in a final article along with some general comments on the forces and factors underlying the whole effort.

The Goodyear-Sears Roebuck Contract

Essential to an understanding of the issues upon which the decision finally turned are the particulars of the three contracts that Goodyear negotiated with Sears-Roebuck to govern business between them from 1926 to 1942. The price was to rest upon a basis of cost plus 6 per cent (6½ per cent after the

first contract). The elements entering into cost were to be the same as prevailed in the manufacture of Goodyear's own product. Delivery was to be made in accordance with Sears-Roebuck's shipping instructions daily or weekly, f.o.b. point of manufacture; the expense of local shipments direct to Sears' customers was to be defrayed by Sears. Sears agreed not to make any reference either written or printed to the Goodyear Tire and Rubber Co. in connection with its sale of casings and tubes.

Sears was reported by the Commission to have declined to sign the second contract until given definite assurance of the erection of a new plant by Goodyear in the southeastern part of the United States and permission to secure a supply of 200,000 tires a year or more from an outside source in the Middle West. The second contract also tightened up the "cost" part of the bargain, providing that cost should be determined according to methods usually employed by Goodyear unless the latter were inconsistent with sound accounting principles; in case of disagreement, the prices finally determined by Goodyear were to be referred to Price, Waterhouse and Company whose determination of the prices to prevail would be final. Cost was to include all proper items of cost, including shipping, warehousing and packing expense, but was not to include selling and advertising expense, interest on borrowed monies, or loss due to manufacture of seconds above a certain proportion. It was in this contract also that Goodyear's profit was to be raised from 6 per cent to 6½ per cent whenever the price of crude rubber averaged less than twenty-five cents per pound for the quarter involved. Sears was also to furnish Goodyear advance estimates of the quantities it would require for certain specified periods. With reference to the confidential nature of the transaction, Sears agreed in the second contract not to make any reference to Goodyear either orally or in writing and specifically cove-

nanted that it would exert its utmost efforts to prevent its employees from in any way referring to or disclosing the fact that its product was manufactured by Goodyear.

In July, 1931, Sears verbally notified Goodyear that it expected to terminate the second contract as of December 31, 1932. After negotiations, however, a third contract similar to those preceding was entered into subject to a separate agreement under which Goodyear transferred to Sears 18,000 shares of Goodyear stock and the cash sum of \$800,000 wherewith Sears was to purchase and did purchase 32,000 additional shares of Goodyear common.

During the life of these contracts Goodyear continued its sales of Goodyear brand tires to independent dealers, established its own stores, and in other ways intensified its selling efforts. An immediate problem arising out of these unlike activities was that of determining what costs were properly chargeable to each and what bearing the different methods of charging might have on the ultimate question of discrimination.

The Amount of Discrimination

The problem of estimating the amount of discrimination narrowed down eventually to a determination of Goodyear's respective costs in supplying Sears-Roebuck and its own dealers. It was here that the battle was really thickest. In a way it was fortunate for the contestants that there is still so much mobility in accounting theory, for all concerned seemed able to find principles which upheld their respective points of view and on which they could stand like a rock, unless other and less scientific considerations arose to suggest the advisability of moving. Comparisons by types and sizes of tires, by total costs to the manufacturer, by gross and net prices to the various customers, by profit and loss summaries, and by varying time periods, will all of course yield different results. When reasonable but conflicting methods

of prorating costs among customers are blended with opposing theories as to the intangible values in quantity business, the mosaic of arguable conclusions becomes really fascinating.

The range of discrimination arrived at by various methods of computation presented in the testimony ran between extremes of 55.9 per cent and 4.46 per cent, with many intermediate percentages scattered through the evidence and argument. These differences do not result from inaccuracies in arithmetic, but from different concepts as to what should be measured and how the measuring should be done.

The process of calculation involved at least three problems:

(a) Shall discrimination be measured by computations relating to specific tires, or to the aggregate volume of business passing through each channel? The first is the approach of unit cost accounting, the second that of the general profit and loss statement.

(b) Which specific items of cost shall be charged only against Goodyear dealers or Sears, which shall be prorated between them in some manner and which shall be completely excluded from the calculation?

(c) Once an amount of discrimination is determined, shall it be expressed as a percentage of gross sales or net sales and to Goodyear dealers or to Sears?

In its summary the Commission appeared to think of discrimination primarily in terms of prices of individual tires. On this basis, "it found the net average sales price discrimination remaining after deductions had been made from the dealer prices for discounts and allowances and transportation, over the entire period, varied from 29 per cent to 40 per cent on eight sizes of tires." When "due allowance for differences in cost of selling" was made, the net discrimination was reduced to 11 per cent to 22 per cent on the same tires. These percentages are computed on the basis of the net sales price to dealers.

Goodyear contended throughout that the amount of discrimination should be arrived at by comparing net profits earned from its business with Sears and from its business with dealers. For the purpose of the argument, the Commission followed this method, making the same allowance as in the first quotation above, and obtained a figure of 26.15 per cent based on the aggregate net sales to independent dealers on a volume of business comparable to the volume sold to Sears. The Commission did not carry this method through to making the correction for cost of selling, as was done in the estimates on the tire price basis, but the available data permits the author to make the computation, yielding a figure of 8.6 per cent. It is not surprising that the two approaches, one based on eight specific tires and the other on aggregate sales, do not yield identical results.

The computations presented by Goodyear are also on the basis of aggregate sales. Instead of measuring discrimination as a per cent of net sales, however, it used gross sales as a basis. As a result, and because of its inclusion of company store losses and expenses of bus and taxi business, it concluded that the discrimination amounted to 4.46 per cent of gross sales to Goodyear dealers. After excluding from dealer accounts the three items noted above and particularly objected to by the Commission, and readjusting administrative costs, this figure advanced to 6.96 per cent. If computed on the net sales basis, it would be increased to 8.1 per cent. The chief source of difference between this 8.1 figure and the 8.6 discussed above, arises from different treatment of an item "Excess of Replacement Reserve over Actuals," relating to the difference in the cost to Goodyear of making good its sales warranty to Sears and to dealers. This item was regarded by Goodyear as a difference in cost of selling in the two channels.

Particular attention is called to the fact that the 29 per cent to 40

per cent range and the 26.15 per cent mentioned above did not include cost of selling to dealers, emphasizing the point that admission of this item remained in controversy for a considerable period despite both the terms of the contract and the language of the Clayton Act. The respondent of course objected violently to the exclusion. Similar dispute occurred over the allocation of administrative expenses, Goodyear's costs and losses in operating its own stores and in conducting its bus and taxi mileage business, and the \$1,250,000 stock transfer from Goodyear to Sears. Other issues involved the comparative quality of Goodyear and Sears brands, the cost of making single as contrasted with cumulative shipments to Sears, and the appraisal of intangible benefit to Goodyear from Sears' volume.

Many of the pro and con arguments on these points, and the differences in principle underlying all of them, could apply to the affairs of manufacturers generally, and will therefore be briefly reviewed. In presenting them, references to the Trial Examiner's findings will occasionally be made. It should be kept in mind that the Trial Examiner's findings are important only in revealing the flow of argument, and have no finality except to the extent that the Commission itself accepted them.

Advertising and Selling Expense

Among the many items of cost which were under debate, none involved so substantial a sum as advertising and selling expenses. During the period under discussion, Goodyear had spent some \$27,000,000 under this heading. Should this sum be charged solely against dealers' sales and to that extent justify the difference in net prices, should it be prorated between dealers and Sears, or should it be disregarded entirely in both computations?

If, as urged by the Commission's attorneys, selling and advertising costs on Goodyear brands were prorated between Goodyear deal-

ers and Sears, Goodyear's profit from the former would show a substantial increase and that from the latter a corresponding decrease, greatly reducing the apparent differences in cost to Goodyear between the two channels, and making any price difference more significant. The point is important because of the intensity of the debate and the fact that for legal purposes the arguments are of a pioneering type and may reappear in other cases.

The Trial Examiner found that Goodyear expenditures in advertising and selling Goodyear brand tires should be charged pro rata to Sears-Roebuck and to Goodyear dealers. His findings were further that (a) Goodyear's manufacture of tires for Sears increased sales resistance to Goodyear brands, necessitating additional advertising and selling expenditures and longer discounts to dealers, (b) by reason of public knowledge of the fact of Goodyear's manufacture of tires for Sears, the latter derived a selling advantage from Goodyear's advertising expenditures, and (c) Goodyear secured the Sears' business, as it secured all of its business, by reason of its prominent position in the tire industry, created and maintained by its selling efforts.

The respondent naturally denied all three contentions, maintaining as to the first point that the number of its dealers had actually increased during the seven and one-half year period under consideration, that its advertising and selling expense per tire and per salesman had remained almost stationary, that bonuses to dealers were necessitated by declining volume and prices rather than Sears' competition, and that in any event only a small portion of Goodyear's selling expense could be charged to Sears. As to the second point, the respondent denied the existence of any general public belief that Goodyear made Sears' tires and that Sears' tires were equal in quality to the corresponding Goodyear grades, that far from capitalizing Goodyear's prestige Sears

best interests lay in refraining from publicizing the relationship as evidenced from the fact that they actually bound themselves by contract not to refer to it; and that in any event public knowledge could affect only the pro-ration of Goodyear advertising expenditures and not the salaries of salesmen whose sole efforts were concerned with putting Goodyear brand tires in the hands of dealers and on the wheels of automobiles.

The respondent made the additional points that its sales to dealers and to Sears were less than two-thirds of its total tire business, that by the same reasoning Sears' selling expenses should be prorated to Goodyear dealers, that the Government itself excluded selling and advertising expense from its calculations on cost plus contracts, and that the Clayton Act itself made allowance for differences in the sellers' cost of selling different products.

The Commission's final decision was that Goodyear's advertising and selling expenses should not be allocated in any part to Sears, but were proper costs to be charged against sales to dealers, regardless of whether the computation was made on a specific tire or on aggregate sales basis. In other words, to the extent that the price discrimination is explained by selling and advertising expenses incurred in the sale of Goodyear brands to dealers, it was not "unfair" within the meaning of the Clayton Act.

Allocation of Administrative Expense

Goodyear's accounting system, under the heading of "Administrative Expense," included numerous items such as "general office salaries," "telephone and telegraph," "field operating salaries," "depreciation of aeronautical equipment," etc. Many of these had been prorated equally between Sears and Goodyear in the latter's own accounts, the basis of proration being comparative net sales in 1926-1927 and comparative cost of goods sold from 1928 to the time of the hearing. Some of them, however, considered by the re-

spondent not to relate in any way to its business with Sears, were omitted from the beginning.

In 1932 Sears made an audit of Goodyear's costs from which it concluded that it had been improperly charged with certain other items of administrative expense. Certain additional omissions from the total to be prorated to Sears were therefore agreed upon, of which the principal items were the expense of maintaining Goodyear's credit department, the expense of certain experimental investigations related to products other than tires, the portion of the cost of the controller's department expended in checking Goodyear's payments for dealer advertising, etc. The Examiner, however, added together the amounts of administrative expense charged to Goodyear's dealers and to Sears, respectively, and re-prorated the sum on the basis of the ratio between the Goodyear dealer and Sears-Roebuck cost of goods sold. The result of this action was to reduce costs to dealers and increase costs to Sears, with the net effect of reducing the justification for price differences.

The issues involved here are in some respects similar to those discussed with reference to the proration of selling and advertising expense. The Commission's final decision supported the Trial Examiner, that administration expenses should be allocated impartially to all tire units passing through the factory, and that arbitrarily to attribute more relative importance in overhead to one than another customer's contribution to total volume and consequent unit production, was one means of creating an unfair preferential advantage.

Goodyear's Own Stores

In 1924 Goodyear began the acquisition of retail outlets, which grew in number from 27 in 1926 to 262 in 1933. It happens that these stores suffered losses over the period from 1926 to 1933 amounting to over \$9,000,000. There naturally

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AUTOMOBILE INDUSTRY STARTS FOURTH YEAR OF EXPANSION

by RAYMOND BRENNAN

RISING above the retardative influence that the harassments of the most unfavorable weather conditions in nearly a decade provided during the opening months of 1936, the automobile industry has continued to maintain its position as the outstanding leader in the country's commercial expansion. With sales during the final month near the peak for the period, production for the first quarter was in excess of the comparative 1935 figures, in spite of the advancement of the date of the initial offering of the year's new models and the heavy output of November and December.

With the beginning of the second quarter most of the manufacturers returned to five-day-week schedules, as delivery reports for March revealed one of the strongest expansions in retail business in the trade's history. Due to the enforced postponement of buying during the first quarter, the peak of the Spring selling season has been set ahead to late May or early June, with less than the usual recession in prospect for the Summer months, due to the payment of the veterans' bonus and the steady extension of general business improvement.

Five Million for 1936

This has caused an upward revision of the 1936 objectives that were marked out last Fall. The most conservative estimates have placed 1936 production of passenger cars, taxicabs, commercial vehicles, and trucks for the United States and Canada at 5,225,000, or an increase of 25 per cent over the 1935 total of 4,182,491 units. The latter represented a gain of 45 per cent from the 1934 total of 2,869,963, and 111 per cent from the 1933

figure of 1,985,909. It marked a six-year peak and also the sixth time in automobile history that annual output exceeded 4,000,000 units. Should the 1936 output reach the estimated 5,225,000 units, this total would be within striking distance of the peak which has held since 1929 at 5,621,715.

Motor Vehicle Production *

(United States and Canada)

Year	Total Number	Per Cent Change	Wholesale Value
1915.....	969,930	....	\$701,778,000
1916.....	1,617,708	+66.9	1,082,378,000
1917.....	1,873,949	+15.8	1,274,488,449
1918.....	1,170,686	-37.5	1,236,106,917
1919.....	1,933,595	+65.2	1,885,112,546
1920.....	2,227,349	+15.2	2,232,420,373
1921.....	1,682,365	-24.5	1,261,666,550
1922.....	2,646,229	+57.3	1,793,022,708
1923.....	4,180,450	+58.0	2,592,033,428
1924.....	3,737,786	-10.6	2,367,413,015
1925.....	4,427,800	+18.5	3,015,163,562
1926.....	4,505,661	+1.8	3,214,817,491
1927.....	3,580,380	-20.5	2,700,705,743
1928.....	4,601,141	+28.5	3,162,798,880
1929.....	5,621,715	+22.2	3,576,645,881
1930.....	3,510,178	-37.6	2,126,602,019
1931.....	2,472,359	-29.6	1,426,656,252
1932.....	1,431,467	-42.1	793,045,300
1933.....	1,985,909	+38.7	987,436,289
1934.....	2,869,963	+44.5	1,537,290,336
1935†.....	4,150,000	+44.6	2,186,500,000

(*) Source: Automobile Facts and Figures.
(†) Preliminary.

Although unit production in 1935 was only 5 per cent below the 1923-1929 average, the wholesale value of output, which amounted to approximately \$2,200,000,000, was around 25 per cent less than the 1923-1929 average. This was due to the lower quotations set on all motor vehicles and to the predominating volume of sales in the lowest-priced models.

Both of these factors accounted for the failure of profits to return more closely to the 1923-1929 average of \$270,000,000 for the ten leading manufacturers, exclusive of Ford. For this same group in 1935 the aggregate net profits were only around \$175,000,000. These were the largest, however, since 1929,

and contrasted with \$81,200,000 in 1934.

During the latter year, the abrupt advance of production costs, because of radical changes in design, absorbed all but a small portion of the profits resulting from the rapid sales increase. The improved profit ratio shown by the industry in 1935 was reflected in an appreciation of more than \$1,500,000,000 in the value of automotive securities during the year. For the first quarter of 1936, aggregate net profits were around 35 per cent higher than the comparative 1935 total, which was about \$38,000,000.

Factory Schedules Advanced

Although production in both February and March was under that for the comparative months of a year ago, the total for the first quarter of 1936 was 1,127,331 units, which was more by 1.7 per cent than the 1,108,939 in the same period of 1935. It also was higher by 0.1 per cent than the 1,116,451 turned out during the final three months of 1935, and represented the largest number to be rolled off the assembly lines in the first quarter of any year since 1929, when the total was 1,546,319 units.

As this achievement was made in spite of adverse weather conditions and heavy snows which cut off routes to showrooms for weeks at a time, second-quarter output has been geared at a rate 15 to 20 per cent higher than that which obtained during the first one. At the end of April nearly all plants had gone back to five-day-week schedules, and during the opening weeks of May some were running six days a week.

Retailers' stocks were reduced so unexpectedly in March that up-

ward weekly revisions have been made in production schedules, in preparation for the Spring sales peak, which is not expected to be reached until well into June. The strength of the demand for the 1936 models, since their introduction early last November, indicates that the recovery movement in automobile sales is unlikely to be completed during the current year, despite the fact that the 1935 output was almost triple the depression low touched in 1932 at 1,431,467 units.

The latter was the smallest since 1918, when 1,170,686 units were produced, while the 1932 wholesale value of \$793,045,300 was the lowest since 1915, when it amounted to \$701,778,000. It was the uninterrupted three-year recession, which was brought to a close in 1932, that was one of the chief contributors to the widening replacement market, placed by trade estimates at 10,500,000 cars and trucks.

Bus Output Increased

By entering the lighter commercial vehicle field and extending their operations in the bus division, manufacturers of heavy-duty trucks have been enabled to widen the expansion which was recorded during 1935. Not only has there been a strong revival in the demand for large-capacity trucks since the first of the current year, but more progress has been made toward the replacement of long-existing trolley lines with modern buses.

According to the magazine *Bus Transportation*, the motor bus industry in 1935 had the best year in its history, with the production of new buses almost double that of 1934. Besides, the industry attained a new high in sales volume and in total gross revenues, total bus miles travelled, and in the aggregate number of revenue passengers carried.

The number of motor buses produced in 1935 totalled 15,675, of which 6,233 were common carriers. One-third were placed in new fields not formerly using buses, and two-thirds were replacements. School buses made a gain of 105

Motor Trucks—1935 *

Motor trucks in use.....	3,550,000
Number of trucks owned by farmers (25 per cent of all trucks).....	900,385
Fleets of more than 5 trucks, number of operators.....	28,035
Number of trucks operated in fleets..	780,000
Total motor truck taxes.....	\$314,000,000
Trucks represent 13½ per cent of all motor vehicles, and pay 24 per cent of all motor taxes.....	
Number of truck drivers.....	2,500,000
Communities served exclusively by trucks.....	48,000

Motor Buses—1935 *

Motor buses owned.....	116,500
Number of buses in revenue service..	45,000
Number of buses in local or transit service.....	18,380
Consolidated schools using motor transportation.....	23,650
Buses used by consolidated schools....	70,500
Buses used by street railways.....	12,600
Street railways using motor buses....	190
Companies in city service including street railways.....	825
Steam railroads using motor buses....	65

Motor Vehicle Retail Business in U. S. *

Total car and truck dealers.....	39,400
Total repair shops.....	98,169
Total retail outlets, duplications eliminated.....	105,330
Wholesalers.....	5,932
Retail gasoline outlets.....	320,000

(*) Source: Automobile Manufacturers' Association.

per cent over 1934, there being 9,403 of these, worth \$23,000,000, put in the service of carrying school children. The 3,978 city service buses produced were worth \$29,000,000, while the 2,255 capacious intercity type had a value of \$16,000,000.

Of the 45,000 motor buses coursing the nation's streets and highways, 23,750 are of the intercity type and 2,000 of the sightseeing,

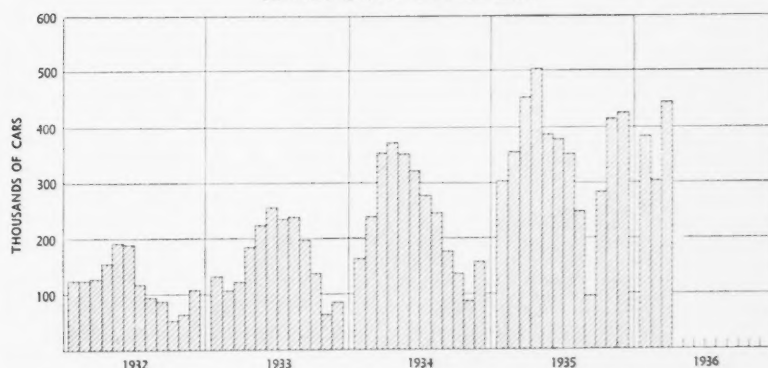
or irregular usage, type. Electric railways own 12,600 buses, the steam railroads 1,750, and the motor carriers 30,650. The number of operating companies declined from 5,024 in 1934 to 4,700 at the end of 1935. The bus industry spent around \$189,000,000 last year on new buses, shops, terminals, and supplies.

Sales Upswing Abrupt

Following the temporary lull in automobile sales during January and February, due to one of the coldest Winters on record, the recovery during March was swift and extended. Some of the major companies reported increases of 15 to 30 per cent over the comparative 1935 month, the expansion running in excess of the preliminary estimates. The upturn came so quickly that most of the factories were caught unprepared, but fortunately retailers were uniformly well supplied with stocks at the beginning of March.

While the cars manufactured by the "Big Three" accounted for 92.6 per cent of the total 1935 sales, buying trends thus far this year indicate an increasing preference for models in the higher price brackets, while the demand for commercial vehicles and trucks continues heaviest in the low-price classifications. Economy of operation makes the strongest sales appeal, buyers placing secondary

MOTOR VEHICLE PRODUCTION *
(United States and Canada)



(*) Source: U. S. Bureau of Census and Dominion Bureau of Statistics. Production in both February and March was under that for the comparative months of a year ago, but the total for the first quarter of 1936 exceeded the 1935 figures by 1.7 per cent, and was the largest for any quarter since 1929. April output was estimated at 500,000 units, with May plans for the same rate.

emphasis upon price and mechanical considerations.

While the introduction of the 6 per cent financing plan has been a decided stimulus to new-car sales, it has had a demoralizing effect on the used-car market, especially on the sale of 1934 and 1935 models. Retailers have found it difficult to move their swollen inventories on the old financing terms, in the face of lower carrying charges on new models. Lack of unified policy regarding trade-ins also has caused considerable confusion.

New Registrations Increased

While February registrations fell below the 220,000 new passenger cars and 42,000 trucks and commercial cars set down for January, there was a sharp recovery in March. For that month new passenger car registrations, reported by R. L. Polk & Co., went to 300,000 units, which exceeded all March totals back to 1929, when it was 377,802.

Relation to Other Industries *

(The automotive industry is the largest purchaser of gasoline, rubber, steel, malleable iron, mohair, upholstery leather, lubricating oil, plate glass, nickel and lead.)

	1935†
Number of carloads of automotive freight shipped over railroads....	3,422,000
Rubber used by automobile industry....	75%
Plate glass used by automobile industry....	77%
Steel and iron used by automobile industry....	23%
Lumber, hardwood, used by automobile industry....	8%
Copper used by automobile industry....	22%
Lead used by automobile industry....	39%
Zinc used by automobile industry....	15%
Tin used by automobile industry....	20%
Aluminum used by automobile industry....	16%
Nickel used by automobile industry....	33%
Gasoline consumption by motor industry....	89%
Gasoline used by motor vehicles (gallons).....	16,150,000,000
Gasoline consumption by motor vehicles, retail value including taxes	\$3,260,000,000
Lubricants used by motor vehicles (gallons).....	485,000,000
Lubricants, per cent used by motor vehicles.....	59%
Crude rubber used by motor industry (lbs.).....	885,000,000
Wholesale value of rubber tires for replacement.....	\$248,000,000
Number of tires shipped.....	50,000,000
Cotton fabric used in tires (lbs.)....	210,000,000
Wholesale value of parts and accessories for replacements, and service equipment.....	\$565,000,000
Motor vehicles, accessories, service equipment and replacements of parts and tires.....	\$2,999,500,000

(*) Source: Automobile Manufacturers' Association.

(†) All figures preliminary.

Motor Vehicle Registrations

(Figures as of December 31)

Year	Total Vehicles	Per Cent Change
1915.....	2,445,666	+43.
1916.....	3,511,996	+44.
1917.....	4,983,340	+42.
1918.....	6,146,617	+23.
1919.....	7,565,446	+23.
1920.....	9,231,941	+22.
1921.....	10,463,295	+13.
1922.....	12,238,375	+17.
1923.....	15,092,177	+23.
1924.....	17,595,373	+17.
1925.....	19,937,274	+13.
1926.....	22,001,393	+10.
1927.....	23,133,243	+5.
1928.....	24,493,124	+6.
1929.....	26,501,443	+8.
1930.....	26,545,281	+ .16
1931.....	25,832,884	- 2.5
1932.....	24,115,129	- 6.7
1933.....	23,843,591	- 1.12
1934.....	24,933,403	+ 4.6
1935.....	26,000,000*	+ 4.3

(*) Preliminary.

March registrations of trucks, estimated at 52,000, surpassed all records for March and were exceeded by only four other months in the trade's history. This increase followed a gain of 42 per cent in new motor vehicle registrations in 1935 over 1934, the total of 3,254,591 being the largest since 1929, when 4,407,263 was reached.

This brought the total motor vehicle registrations on December 31, 1935, to 26,000,000, the highest since 1930 and the third largest on record. It was a gain of 4.3 per cent over the 1934 figure of 24,933,403. The latter was 4.6 per cent more than the 1933 registrations of 23,843,591, and marked the first increase in four years.

While the total 1935 registrations were the largest since 1930, when the peak was established at 26,545,281, the 3,550,000 set down for commercial vehicles represented a new high by surpassing the previous record of 3,486,000 that had held since 1930. As world registrations for 1935 were 36,500,000, this placed 71 per cent of all the motor vehicles in operation in the United States. Of the remaining countries, Europe took the lead, followed by Asia and Africa.

Small Rise in Failures

Continuing the five-year downward, only 19 failures were set

down for manufacturers of automobiles, automobile supplies, and accessories in 1935. This was a decline of 5 from the 1934 total of 24, and represented the smallest number on record for this division of the industry. The involved liabilities also touched a new low at \$684,733, which was a drop of \$2,622,722, or 79.3 per cent from the 1934 liabilities of \$3,307,455.

For wholesalers and retailers of automobiles, automobile supplies, and accessories, on the other hand, failures increased in 1935, rising to 251 from 210 in 1934, a gain of 19.5 per cent. The total, however, was under that of all the years prior to 1934. In spite of the larger number of failures in this group, the 1935 defaulted indebtedness went down to a new low, dropping to \$3,908,441, a decline of 23.3 per cent from the 1934 amount of \$5,098,997.

The complete insolvency record of the automobile industry since 1930, including January and February, 1936, as compiled by Dun & Bradstreet, Inc., shows:

Manufacturers

(Automobiles, Automobile Supplies and Accessories)

Year	Number	Liabilities
1930.....	196	\$5,410,562
1931.....	114	2,832,260
1932.....	115	10,905,517
1933.....	34	972,514
1934.....	24	3,307,455
1935.....	19	684,733
1936*.....	2	82,151

Wholesalers and Retailers

(Automobiles, Automobile Supplies and Accessories)

Year	Number	Liabilities
1930.....	1,155	\$23,733,170
1931.....	824	15,895,764
1932.....	872	27,441,884
1933.....	357	9,509,054
1934.....	210	5,098,997
1935.....	251	3,908,441
1936*.....	50	770,455

(*) January and February.

These statistics of commercial failures are exclusive of applications under Section 77B. From June 7, 1934, when Section 77B of the New Bankruptcy Act became effective, to February 29, 1936, applications were filed under this section by 13 manufacturers in this industry and by 25 wholesalers and retailers.

NUMBER OF 77B CASES IN APRIL AT NEW LOW

APPPLICATIONS for reorganization under Section 77B of the Bankruptcy Act fell during April to the low number of 43. This is five cases below the previously low figure of 48 in September, 1935. The 146 cases in April a year ago were the highest on record and quite out of line with the general level. However, the average for the first four months of 1935 was 102 cases, while the same period in 1936 has averaged only 62 per month. The pattern of monthly rise and fall from January to April of this year was in each month directly opposed to that for the corresponding months of last year. The usual saw-tooth record of a high month following a low month and vice-versa failed to appear this month.

Monthly Comparison of 77B Applications and Commercial Failures

	77B Applications	Commercial Failures
1934		
June	97	992
July	73	870
August	98	872
September	69	771
October	65	1,039
November	96	882
December	94	933
Total 7 Mos., 1934.	592	6,359
1935		
January	106	1,146
February	76	956
March	82	940
April	146	1,083
May	88	1,004
June	81	944
July	70	902
August	94	884
September	48	787
October	78	1,056
November	57	898
December	86	910
Total, 1935.....	1,012	11,510
1936		
January	59	1,077
February	95	856
March	50	946
April	43	830
Total 4 Mos., 1936.	247	3,709
Total U. S.	1,851	21,578

Of the 43 cases this month fifteen were enterprises which did not go back of 1930. Eight were started

between 1920 and 1930, five were established between 1910 and 1920, six between 1900 and 1910, and nine go back into the nineteenth century, several started by the fathers of the present officers.

Of the 43 cases, twenty-four reached their present corporate form since 1930. Of these, three were reorganizations of companies in receivership, twelve succeeded other concerns, one was a merger of six established companies, and eight were really new ventures.

The decline from last month took place mainly in retail trade, which dropped from twelve cases to five. There were three less in manufacturing, and no construction companies. Wholesale trade and commercial service each increased one. The eleven cases listed as a miscellaneous group, include six concerns operating in the real estate field, two holding companies, two social clubs, and one electric railway.

Insufficient working capital contributed to the difficulties of many of the companies. In nearly one-half of the cases this was clearly a definite cause of trouble. One of the largest had hoped to be rehabilitated by means of Reconstruction Finance Corporation funds. However, when the aid finally came through, the loan had to be used for taxes and other past debts, rather than for current operations as originally planned. Another company tried to operate under a contract with the former owners which allowed them a certain percentage of all cash received, but this arrangement left insufficient funds with which to carry on. A Connecticut Valley company established over fifty years ago, had survived unprofitable operations in recent years even though its working capital was impaired. However, it was hard hit by the

recent flood and sought 77B relief.

Heavy fixed charges were the dominating factor in five cases. Two large lumber companies are in default on bond issues, one a wholly owned subsidiary of a recent 77B case.

77B Applications by Main Divisions of Industry—April, 1936 and 1935

	April, 1936	March, 1936	April, 1935
Manufacturing	15	18	47
Wholesale Trade.....	6	5	19
Retail Trade.....	5	12	27
Construction .....	..	2	3
Commercial Service.	6	5	14
Others	11	8	36
Total U. S.	43	50	146

* Not included in tabulation of commercial failures, such as real estate and investment companies.

Three companies filed a voluntary petition to reorganize, evidently as a protection against more serious trouble. One planned to consolidate all debts other than bank loans into income debentures and to create a new subsidiary to carry the bank loans. A large wholesale company had credit terms curtailed by a few large creditors and filed its petition to protect its interests and its smaller creditors. Two large allied paper manufacturing companies, incorporated for over \$3,000,000 between them, filed to complete a reorganization plan proposed by a bondholders' committee in 1933. It had been impossible to obtain approval of all bondholders to the plan but a sufficient number was available to assure authorization of the plan under the 77B procedure.

Troubles have come fast to one company. An application for foreclosure proceedings was entered on March 11 by a bank, on March 27 other creditors threw it into involuntary reorganization under 77B, and on April 21 the company entered a voluntary petition in bankruptcy.

APRIL COMMERCIAL FAILURES LOW IN NUMBER AND LIABILITIES

COMMERCIAL failures in April reached the lowest level recorded in recent years in total number, except for September, 1934 and 1935. A smaller total of liabilities has been reported in only three previous months in recent years. The following table presents the April failure record for the past seventeen years:

April Failures, 1920-1936

	Number	Liabilities
1936.....	830	\$14,137,289
1935.....	1,083	16,529,257
1934.....	1,020	22,871,427
1933.....	1,859	47,368,535
1932.....	2,816	101,068,693
1931.....	2,383	50,868,135
1930.....	2,198	49,059,308
1929.....	2,021	35,269,702
1928.....	1,818	37,985,145
1927.....	1,968	53,155,727
1926.....	1,957	38,487,321
1925.....	1,939	37,188,622
1924.....	1,707	48,904,452
1923.....	1,520	51,491,941
1922.....	2,167	73,058,637
1921.....	1,487	38,567,769
1920.....	504	13,224,135

In recent years, there has been no clearly distinguished trend from March to April. In 1935 the number of failures reported in April was relatively large, being exceeded only by January during the year. Because last April was unusually high and the current April record is so low, the percentage decline of 23.4 per cent is much greater than for any two

comparable months since the sharp downward trend of the early years of the depression.

During the present year, January had recorded a total somewhat above that for the previous few months. February had recorded a decrease, as is the usual seasonal movement. March had shown some increases in total number, and now April records a sharp decline once more. The reduction in number from March was 12.3 per cent. Only a fraction of the decline can be explained by the difference in the number of working days. The comparison according to liabilities presents much the same picture. The decrease from the previous April was 14.4 per cent and 13.0 per cent from the previous month. Since the Summer months usually record relatively fewer failures than the rest of the year, it would appear that new record low points for recent years will be established in the near future.

Insolvency Index

The actual trend of commercial failures is much more accurately depicted in the figures and diagram of the insolvency index. This index measures the annual rate at which business concerns would

fail if the number of actual failures and the estimated total number of business enterprises in any one month prevailed throughout the year. To obtain the index figure, the number of failures in the month is divided by the number of working days in the period and the result is multiplied by the number of working days in the year. The number of business concerns is determined from the number of names listed in the Dun & Bradstreet Reference Book. The index was revised last month, and the revised figures since 1933 are given in the table along with figures for earlier years.

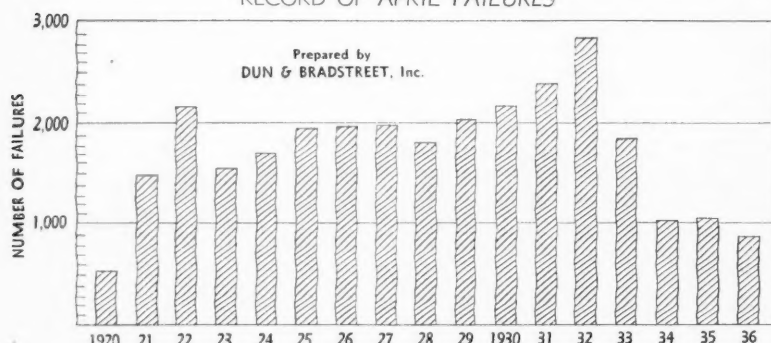
Number of Failures

	1936	1935	1934	1933
January.....	1,077	1,146	1,317	2,851
February.....	856	956	1,017	2,309
March.....	946	940	1,069	1,881
April.....	830	1,083	1,020	1,859
May.....	...	1,004	942	1,846
June.....	...	944	992	1,576
July.....	...	902	870	1,366
August.....	...	884	872	1,430
September.....	...	787	771	1,077
October.....	...	1,056	1,039	1,165
November.....	...	898	882	1,189
December.....	...	910	933	1,083
Total U. S.....	...	11,510	11,724	19,626

Liabilities

	1936	1935	1934	1933
Jan.	18,104	14,603	29,035	76,937
Feb.	14,089	15,217	16,772	61,839
Mar.	16,271	15,361	24,002	45,926
Apr.	14,137	16,529	22,871	47,368
May ....	...	14,339	20,787	44,646
June ....	...	12,918	20,591	33,517
July ....	...	16,523	16,555	25,123
Aug. ....	...	13,266	15,763	38,067
Sept. ....	...	17,002	15,552	20,781
Oct. ....	...	17,185	16,973	27,799
Nov. ....	...	14,384	14,376	22,414
Dec. ....	...	15,686	16,981	23,842
Total U. S. ....	...	183,013	230,198	467,459

RECORD OF APRIL FAILURES



The total of 830 business failures during April represents a sharp reduction from the level of 1935, which had recorded a slight increase over 1934. Liabilities also recorded a considerable reduction.

The figure for the current month is 50.3 on the index. This is much lower than has been recorded during the first half of any recent year, although it has gone lower in the late Summer during the last two years. The steady downward movement of the year, conforms to the seasonal variation recorded in the prosperity period.

In 1933, 1934 and 1935, the index declined in February and again in March, but recovered somewhat in April in each year. The current year corresponds more closely to the pattern observable in previous years, where the decline evident during the first quarter continued into April. The reports available for the first week in May would indicate that the downward trend is continuing, inasmuch as the total for the week ending May 7 of 171 failures is the lowest yet recorded for any week during the current year.

The Largest Failures

One of the notable facts about the April record is the extremely small number of large failures, using that term to designate cases where liabilities were \$100,000 or more. There were but 13 such cases as compared with 26 reported in April, 1935. Nor can one advance the argument that there has been a diversion to the use of the Section 77B procedure, inasmuch as that type of reorganization also reported an unusually small number of cases this month.

For the purposes of comparison with the earlier months this year, the following table is presented:

	Number of Large Failures			
	Jan.	Feb.	Mar.	Apr.
Manufacturing	9	10	6	5
Wholesale	2	3	1	1
Retail	1	6	5	2
Construction	6	3	10	5
Commercial Service ..	2	..	1	..
Total	20	22	23	13

It is evident that the reduction is not limited to any particular economic area. In each of the five groups, the April record is below that of the monthly rate appearing in the previous quarter. Perhaps the most notable element is retail trade, where there were only two failures reported, and one of them was a chain of stores whose difficulties go back six years.

Records concerning their age are available for all but one of these concerns. Three were founded in the nineteenth century, the oldest being established in 1882. Two were founded in the second decade of the twentieth

DUN'S INSOLVENCY INDEX

Apparent Annual Number of Failures for Each 10,000 Listed Commercial Enterprises

	New Series				Old Series				Average 1925-29
	1936	1935	1934	1933	1933	1932	1931	1930	
January	62.8	66.7	77.0	170.3	179.4	201.8	188.4	150.2	139.5
February	56.4	66.0	67.3	151.6	159.0	165.9	169.0	146.7	128.2
March	53.0	55.0	60.4	107.5	111.4	159.7	146.0	128.4	110.4
April	50.3	63.5	62.4	114.7	119.6	158.0	134.1	125.0	107.4
May .....	..	58.8	55.4	107.8	113.9	162.0	131.7	119.9	104.5
June .....	..	57.5	58.4	93.3	99.9	155.2	112.4	114.4	100.8
July .....	..	52.8	51.2	83.7	90.4	156.3	112.1	112.4	95.7
August .....	..	49.8	49.5	81.2	86.7	155.5	111.3	105.7	90.9
September .....	..	50.0	48.8	65.9	71.0	132.1	114.0	112.9	87.2
October .....	..	61.8	60.7	71.1	76.6	137.8	134.7	117.0	90.2
November .....	..	59.4	55.8	75.5	82.1	130.9	141.2	127.0	107.1
December .....	..	53.3	56.6	65.9	74.0	145.3	158.8	140.7	112.0
Yearly Average	55.6*	57.9	58.6	99.0	105.8	153.3	133.4	120.7	106.2

(*) Based on first four months.

century, four during the third decade, and three since 1930.

The more detailed industry classification of the cases in April is as follows:

Manufacturing	5
Confectionery	1
Beverages, alcoholic	1
Publishing	1
Stone and stone products	1
Rubber products	1
Wholesale trade	1
Iron and steel products	1
Retail trade	2
Furniture	1
Tobacco	1
Construction	5
Total	13

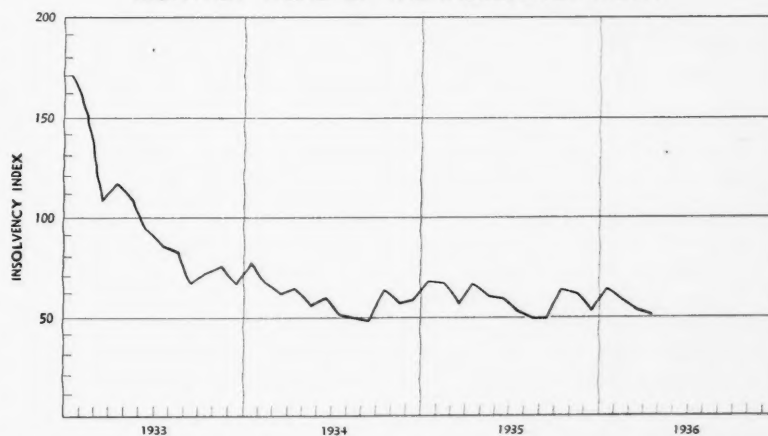
In the cases of the three newest enterprises, one was engaged in the manufacture of alcoholic beverages. Although the reports were relatively favorable concerning the volume of its sales, the slowness with which it met its bills indicated a shortage of working capital and in addition, it met with certain legal difficulties with re-

spect to its exact observance of certain State laws. The other two were manufacturing enterprises which had never really become established. In both instances, the promoter had been engaged in the industry before in a subordinate capacity, but had not had sufficient capital to survive the hardest years of infancy.

It is interesting to note that eight of the concerns were incorporated and five were individual proprietorships, the last being all but one in the construction group. One of the corporations had been endeavoring to reorganize under Section 77B procedure. Another has operated for two years in the hands of a creditors' committee.

The failures in the construction group are almost uniformly the result of large holdings of real estate with resulting heavy fixed charges. A newspaper publishing

MONTHLY TREND OF THE INSOLVENCY INDEX



The Insolvency Index takes into account the number of firms in business and the actual number of working days. The current year is the only one on the chart during which there has been a continuous decline.

Failures by Divisions of Industry—April, 1936-1934

(Liabilities in thousands of dollars)

	Number			Liabilities		
	1936	1935	1934	1936	1935	1934
MANUFACTURING						
Foods	37	39	55	762	652	1,933
Textiles	48	34	23	625	725	586
Forest Products	12	20	12	169	540	368
Paper, Printing and Publishing	13	19	13	1,020	373	797
Chemicals and Drugs	5	7	6	108	382	225
Fuels	4	3	3	122	143	196
Leather and Leather Products	9	7	4	140	201	35
Stone, Clay, Glass, and Products	4	10	9	808	354	125
Iron and Steel	7	9	17	154	103	532
Machinery	2	7	8	93	97	383
Transportation Equipment	2	5	3	110	96	2,234
All Other	18	20	24	848	319	388
Total Manufacturing	161	180	177	4,959	3,985	7,802
Per cent of month's total	19.4	16.6	17.4	35.0	24.1	34.1
WHOLESALE TRADE						
Farm Products, Foods, Groceries	38	41	42	420	821	1,061
Clothing and Furnishings	5	6	2	71	65	28
Dry Goods and Textiles	1	4	2	7	105	50
Lumber, Bldg. Materials and Hardware	10	8	6	356	86	162
Chemicals and Drugs	6	1	2	108	1	29
Fuels	2	3	3	12	140	77
Automotive Products	4	7	6	96	82	50
Supply Houses	7	5	6	122	65	66
All Others	20	18	20	288	601	557
Total Wholesale Trade	93	93	89	1,480	1,966	2,080
Per cent of month's total	11.2	8.6	8.7	10.5	11.9	9.1
RETAIL TRADE						
Foods	154	236	174	814	2,336	1,351
Farm Supplies, General Stores	25	35	24	179	456	305
General Merchandise	30	36	33	358	382	389
Apparel	86	104	83	526	717	842
Furniture, Household Furnishings	37	26	24	531	437	151
Lumber, Bldg. Materials and Hardware	36	49	55	277	819	1,125
Automotive Products	27	42	53	377	256	806
Restaurants	33	49	48	341	712	842
Drugs	44	43	51	422	285	550
All Other	34	60	54	1,756	1,048	1,021
Total Retail Trade	506	680	599	5,581	7,448	7,382
Per cent of month's total	61.0	62.8	58.7	39.4	45.1	32.3
CONSTRUCTION						
General Contractors	8	8	8	573	218	217
Carpenters and Builders	9	21	23	822	936	1,145
Building Sub-contractors	14	38	44	174	463	618
Other Contractors	1	1	4	1	11	77
Total Construction	32	68	79	1,570	1,628	2,057
Per cent of month's total	3.8	6.3	7.7	11.1	9.8	9.0
COMMERCIAL SERVICE						
Cleaners, Dyers and Tailors	10	10	19	148	60	153
Haulage, Busses, Taxis, etc.	9	10	21	144	92	478
Hotels	4	9	7	134	816	1,598
Laundries	5	7	4	66	145	122
Undertakers	2	5	4	3	79	28
All Other	8	21	21	72	310	1,171
Total Commercial Service	38	62	76	567	1,502	3,550
Per cent of month's total	4.6	5.7	7.5	4.0	9.1	15.5
Total U. S.	830	1,083	1,020	14,157	16,529	22,871
Per Cent.	100.0	100.0	100.0	100.0	100.0	100.0

company failed under the pressure of heavy competition from another newspaper in its area. The largest failure reported, with liabilities of over \$1,000,000, related to a chain of retail tobacco stores. A chain of drug stores under the same control went through bankruptcy proceedings several years ago. In several of the cases, the individuals in charge of the enterprise, have had previous experience with

commercial failures. One of the cases shows the reverse, the long-established management sold out only a few months before the new management was liquidated.

Failures by Divisions of Industry

In comparing the current month with last April, the outstanding feature is the reduction in the total number by 253, or 23.4 per cent. Wholesale trade, by report-

ing exactly the same number of cases as a year ago, increased its importance in the month's total. Manufacturing recorded about a 10 per cent decrease, thus improving somewhat its proportionate position. Retail trade just about held its own, and construction and commercial service fell more rapidly than the average.

Considering the relative importance of the liabilities in the total, it is worthy of note that decreases were recorded in all groups other than manufacturing. The movement in manufacturing, contrary to the other groups, is due entirely to the presence of several failures with extremely large liabilities. In wholesale trade, retail trade and commercial service the liabilities fell more than the number of cases.

In the manufacturing group, four lines have shown a consistent decrease when the April figures are compared for the last three years, foods, iron and steel, machinery and the all other group. On the other hand, the number of failures has steadily increased for textiles and leather products. The remaining five groups have reported variable trends.

In wholesale trade, it has been evident for some months that failures have not been declining similarly to the records of other lines, although the most important group, that of farm and food products, has shown some slight reduction. Increases have been reported in other areas, particularly lumber, building materials, and chemicals and drugs.

Retail trade has consistently reported about 60 per cent of the failures in recent years and its fluctuations tend to dominate the total figures. The movements in various branches of the retail trade group are less stable than in other lines. Of the ten subdivisions recorded in the tabulation, six were higher in April, 1935, than in either April, 1934 or April, 1936. The furniture and household furnishings line has steadily increased, while lumber, building materials and hardware, and auto-

motive products have steadily declined.

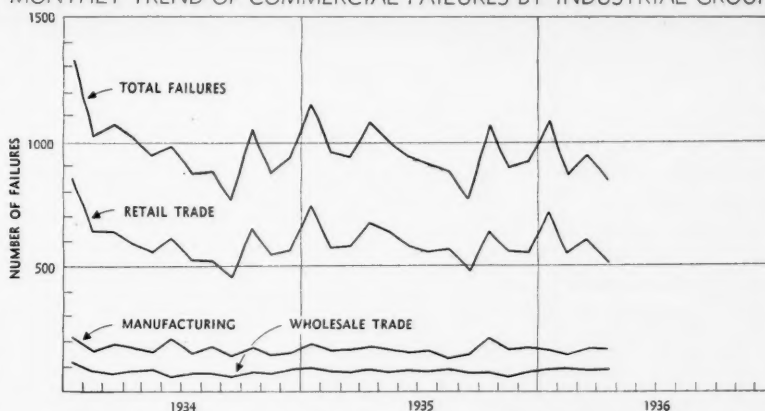
In both construction and commercial service, the decreases over the three-year period have been consistent. The outstanding decline being that of the construction group with 32 failures in April, 1936, as compared with 68 in April, 1935.

Although the total number of failures in April was 116 less than the number reported in March, both manufacturing and wholesale trade reported an actual increase in the number. As far as liabilities are concerned, April liabilities were larger in manufacturing, wholesale trade and retail trade, but were much more than offset by a reduction of nearly \$3,000,000 in liabilities in failures in the construction industry.

Failures by Size

The only available measure of the size of the enterprises entering bankruptcy is the amount of liabilities reported. It has usually been true in the past that the number of failures with liabilities under \$5,000 and those between \$5,000 and \$25,000 included between

MONTHLY TREND OF COMMERCIAL FAILURES BY INDUSTRIAL GROUPS



Construction and commercial service, too small to be charted, recorded marked declines, as did retail trade, the most important group. The manufacturing and wholesale failures were relatively stable.

80 and 90 per cent of all the cases, divided fairly evenly between the two groups. Despite the marked reduction in the total number as compared with a year ago, this same situation has held true. However, these two size groups representing only the smaller cases include about one-third of the total liabilities.

The most conspicuous development has already been noted above, namely, the fact that there were only thirteen cases reported with liabilities exceeding \$100,000. This

is only half the figure of the previous April and less than one-third of the figures of April, 1934. The liabilities involved in these large failures, however, were larger than those of the previous year. A detailed analysis of these thirteen cases was presented earlier in this article. This reduction cannot be explained by the operation of the 77B procedure, for April recorded an extremely low number of such cases also.

As is usually the case, the bulk of the small failures were in retail

Failures by Industrial Groups and Size of Liabilities—April, 1936-1934

(Liabilities in thousands of dollars)

	1936				1935				1934			
	Number	Per Cent	Liabilities	Per Cent	Number	Per Cent	Liabilities	Per Cent	Number	Per Cent	Liabilities	Per Cent
Manufacturing	161	100.0	4,959	100.0	180	100.0	3,985	100.0	177	100.0	7,802	100.0
Under \$5,000	49	30.5	137	2.8	30	21.6	106	2.6	50	28.1	134	1.8
\$5,000—\$25,000	78	48.5	873	17.6	93	51.7	1,063	26.7	77	43.4	859	11.0
\$25,000—\$100,000	29	18.0	1,348	27.2	41	22.8	1,687	42.3	35	20.0	1,799	23.1
\$100,000 and Over	5	3.0	2,601	52.4	7	3.9	1,129	28.4	15	8.5	5,006	64.1
Wholesale Trade	93	100.0	1,480	100.0	93	100.0	1,966	100.0	80	100.0	2,080	100.0
Under \$5,000	24	25.7	63	4.3	31	33.5	92	4.7	18	20.1	52	2.5
\$5,000—\$25,000	52	56.0	557	37.6	45	48.1	579	29.5	49	55.0	503	24.2
\$25,000—\$100,000	16	17.2	710	48.0	13	14.1	594	30.2	19	21.5	819	39.4
\$100,000 and Over	1	1.1	150	10.1	4	4.3	701	35.6	3	3.4	706	33.9
Retail Trade	503	100.0	5,581	100.0	680	100.0	7,448	100.0	599	100.0	7,382	100.0
Under \$5,000	261	51.6	625	11.2	333	49.0	786	10.6	288	48.1	748	10.1
\$5,000—\$25,000	216	42.7	2,181	39.1	296	43.5	2,945	39.5	255	42.6	2,762	37.5
\$25,000—\$100,000	27	5.3	1,133	20.3	44	6.5	2,004	26.9	46	7.7	2,095	28.3
\$100,000 and Over	2	.4	1,642	29.4	7	1.0	1,713	23.0	10	1.6	1,777	24.1
Construction	32	100.0	1,570	100.0	68	100.0	1,628	100.0	79	100.0	2,057	100.0
Under \$5,000	10	31.3	27	1.7	26	38.2	58	3.6	34	43.0	95	4.7
\$5,000—\$25,000	9	28.1	95	6.1	26	38.2	356	21.8	29	36.6	387	18.8
\$25,000—\$100,000	8	25.0	314	20.0	11	16.3	473	29.1	10	12.7	476	23.1
\$100,000 and Over	5	15.6	1,134	72.2	5	7.3	741	45.5	6	7.7	1,099	53.4
Commercial Service	38	100.0	567	100.0	62	100.0	1,502	100.0	76	100.0	3,550	100.0
Under \$5,000	16	42.1	33	5.8	30	48.2	62	4.1	31	40.8	73	2.1
\$5,000—\$25,000	14	36.8	184	32.5	19	30.0	192	12.8	25	33.0	301	8.5
\$25,000—\$100,000	8	21.1	350	61.7	10	16.1	446	29.7	12	15.8	506	16.8
\$100,000 and Over	0	0.0	0.0	0.0	3	4.7	802	53.4	8	10.4	2,580	72.6
Total	830	100.0	14,157	100.0	1,083	100.0	16,529	100.0	1,020	100.0	22,871	100.0
Under \$5,000	360	43.5	885	6.3	459	42.4	1,104	6.7	421	41.3	1,106	4.8
\$5,000—\$25,000	369	44.4	3,890	27.5	479	44.2	5,135	31.1	435	42.6	4,812	21.0
\$25,000—\$100,000	88	10.6	3,856	27.2	119	11.0	5,204	31.5	122	12.0	5,785	25.4
\$100,000 and Over	13	1.5	5,526	39.0	26	2.4	5,086	30.7	42	4.1	11,168	48.8

trade, while manufacturing and construction reported the bulk of the largest cases. It is interesting to note that commercial service which in previous years has contributed to the largest failure group had no such cases reported during April.

In the general field of manufacturing, the number of very small failures increased this year as compared with last, and in wholesale trade both middle groups increased in number. The other seventeen groups listed in the table reported decreases in numbers. In other words, the analysis of failures by size does not indicate any significant trend when this April is compared with last April.

If one carried this comparison back to 1934, some very interesting differences are then evident. At that time the Bankruptcy Act had not been revised and consequently other methods of reorganization were not used so freely. The result is that failures with liabilities over \$25,000 were 16.1 per cent of the total number in 1934, as against 12.4 per cent in 1936. On the basis of liabilities the same group in 1934 included 74.2 per cent as against 66.2 per cent in 1936. This may of course, be due to a more favorable attitude toward cases where large real estate holdings are involved. On the other hand, if the number of 77B cases were included which fall within the same categories as are covered by the failures records, and may be regarded as being in the larger groups, then the size distribution will show very little change over the three-year period.

Geographical Distribution

The record of failures by Federal Reserve Districts is further evidence of the fact that the forces operating are not limited either to economic or to geographical area. In every one of the twelve Federal Reserve Districts the number of failures was less in April, 1936, than in April, 1935. As usual, the New York District reported by far the largest number

Failures by Federal Reserve Districts and States—April, 1936-1934

(Liabilities in thousands of dollars)

Districts	Number			Liabilities		
	1936	1935	1934	1936	1935	1934
Boston (1).....	80	120	90	1,688	1,428	1,250
New York (2).....	273	329	236	4,542	5,405	7,277
Philadelphia (3).....	47	49	44	476	1,068	2,055
Cleveland (4).....	61	80	91	1,452	1,037	3,253
Richmond (5).....	37	45	58	437	295	668
Atlanta (6).....	29	38	75	1,634	297	1,008
Chicago (7).....	104	115	150	1,725	2,361	3,616
St. Louis (8).....	25	42	24	296	471	305
Minneapolis (9).....	25	39	36	221	516	403
Kansas City (10).....	35	40	33	226	704	261
Dallas (11).....	17	32	31	520	403	426
San Francisco (12).....	97	154	152	940	2,544	2,349
New England.....	85	126	97	1,709	1,476	1,337
Maine.....	9	12	8	952	110	96
New Hampshire.....	3	5	2	29	20	50
Vermont.....	2	4	3	16	65	33
Massachusetts.....	33	62	51	406	943	785
Connecticut.....	27	29	20	255	198	307
Rhode Island.....	11	14	13	51	140	66
Middle Atlantic.....	337	396	335	5,810	6,795	10,104
New York.....	197	256	218	2,738	3,804	6,757
New Jersey.....	77	71	56	1,842	1,654	889
Pennsylvania.....	63	69	61	1,230	1,337	2,458
East North Central.....	129	172	219	2,192	3,053	6,251
Ohio.....	34	49	60	553	609	2,491
Indiana.....	7	14	22	75	208	220
Illinois.....	50	64	75	1,136	1,656	2,282
Michigan.....	22	15	23	239	184	645
Wisconsin.....	16	30	39	189	396	613
West North Central.....	65	57	58	480	839	639
Minnesota.....	16	18	20	155	322	212
Iowa.....	17	10	8	138	75	40
Missouri.....	16	11	14	116	46	80
North Dakota.....	1	3	..	15	43	..
South Dakota.....	2	..	1	5	..	1
Nebraska.....	10	10	9	36	178	59
Kansas.....	3	5	6	15	175	247
South Atlantic.....	48	70	72	512	520	926
Maryland.....	9	8	21	32	70	369
Delaware.....	..	..	..	..	..	..
District of Columbia.....	5	3	6	216	7	35
Virginia.....	10	7	8	61	27	38
West Virginia.....	5	14	14	21	75	200
North Carolina.....	9	18	9	108	163	79
South Carolina.....	1	..	4	7	..	84
Georgia.....	7	14	6	52	78	85
Florida.....	2	6	4	15	100	36
East South Central.....	29	39	28	1,788	312	491
Kentucky.....	8	12	4	222	143	60
Tennessee.....	9	13	10	81	65	213
Alabama.....	7	11	10	1,471	89	162
Mississippi.....	5	3	4	14	15	56
West South Central.....	31	55	47	678	752	650
Arkansas.....	5	13	4	49	236	118
Oklahoma.....	10	11	10	116	114	105
Louisiana.....	3	1	6	16	4	51
Texas.....	13	30	27	497	398	376
Mountain.....	17	24	21	144	281	185
Montana.....	1	5	5	8	20	80
Idaho.....	2	4	3	10	18	20
Wyoming.....	1	2	..	7	19	..
Colorado.....	7	6	5	34	199	39
New Mexico.....	1	1	2	6	1	5
Arizona.....	..	..	..	..	..	..
Utah.....	5	6	6	79	24	41
Nevada.....	..	..	..	..	..	..
Pacific.....	89	144	143	844	2,501	2,288
Washington.....	18	21	29	95	173	211
Oregon.....	12	24	18	157	177	189
California.....	59	99	96	592	2,151	1,888
Total U. S.....	830	1,083	1,020	14,157	16,529	22,871

Failures in Specified Cities—April, 1936-1934

(Liabilities in thousands of dollars)

City	Fed. Res. Dist.	Population (1930 Census)	Number			Liabilities		
			1936	1935	1934	1936	1935	1934
Baltimore	5	804,874	8	8	19	32	70	364
Boston	1	781,188	10	25	14	116	442	176
Buffalo	2	573,076	6	11	9	58	72	420
Chicago	7	5,376,438	37	34	50	961	786	1,895
Cincinnati	4	451,160	4	2	5	36	10	122
Cleveland	4	900,429	9	8	18	310	70	360
Detroit	7	1,598,062	12	4	12	141	112	200
Indianapolis	7	364,161	3	3	2	33	17	18
Jersey City	2	316,716	6	..	6	110	..	162
Kansas City, Mo.	10	399,746	3	5	..	10	17	..
Los Angeles	12	1,238,048	16	28	30	137	272	1,170
Louisville	8	307,745	2	..	..	30	..	..
Milwaukee	7	578,248	4	13	13	24	100	218
Minneapolis	9	464,356	2	11	7	14	246	64
Newark	2	442,337	13	22	13	187	470	249
New Orleans	6	458,762	..	..	2	..	..	10
New York City	2	6,930,446	156	181	144	2,150	2,633	2,947
Philadelphia	3	1,950,961	13	16	17	192	404	1,168
Pittsburgh	4	669,817	8	4	5	213	34	209
Portland, Ore.	12	301,815	5	7	7	87	17	75
Rochester	2	328,132	1	6	3	10	33	23
St. Louis	8	821,960	7	3	6	30	11	48
San Francisco	12	634,394	11	16	13	265	1,417	255
Seattle	12	365,583	9	10	12	56	51	72
Washington, D. C.	5	486,869	5	3	6	216	7	35
Total 25 cities	..	..	350	420	413	5,418	7,291	10,260
Balance of country	..	..	480	663	607	8,739	9,238	12,611
Total U. S.	..	..	830	1,083	1,020	14,157	16,529	22,871

and liabilities, being very close to one-third of the total. San Francisco, which has held second place in April for the last two years, reported improvement so much greater than that in Chicago that Chicago which had been fourth last year climbed into second place. The smallest reduction was in the Philadelphia District, although the liabilities there were considerably cut.

When it comes to carrying the breakdown further into States, there is of course, more opportunity for erratic behavior. A small number of States recorded an actual increase in number, the more important of which are New Jersey, Michigan, Iowa and Missouri.

There is some evidence of the effects of the floods if one com-

pares the figures for the first four months of this year. The April failures in Connecticut were higher than any previous month this year. The failures in Pennsylvania were higher than in either February or March. Massachusetts and Ohio, on the other hand, had the smallest figures recorded so far this year.

When one considers liabilities in terms of State boundaries, the tabulation tends to be dominated by the particular location of the large failures. For example, in the current month, Maine and Alabama show clearly the possible effect of a few large cases.

It is possible to compare the failures in the twelve Federal Reserve Districts by divisions of industry. In every line, as usual, the record

for the New York District tends to dominate the picture. This one district shows 49.0 per cent of manufacturing, 40.8 per cent of wholesale trade, 27.2 per cent of retail trade, 22.5 per cent of construction, 28.9 per cent of commercial service, while for the country as a whole retail trade constituted about one-third of all the failures. For Kansas City it was 88.5 per cent and in St. Louis and Minneapolis 76 per cent.

Failures by Cities

As compared with failures of a year ago, the number reported in the twenty-five cities indicated a decrease of 17 per cent, while the reduction in the balance of the country was 28 per cent. However, the reduction in liabilities has been much greater in the cities. During the current month the average failures in the city involved liabilities of \$15,500, while the average liabilities in the rest of the country involved \$18,200. This arises from the fact that the large failures were not metropolitan during this particular month.

New York City far exceeds the contribution of any other city in the record with 18.7 per cent of the total number of failures. The only cities whose failures were at a rate appreciably above that of the first quarter of this year were Jersey City, Pittsburgh, Seattle and Washington, D. C. Chicago's failures so far this year have been within the narrow range of 34 to 37 per month, the high figure, however, having been that for April.

Failures in Federal Reserve Districts by Divisions of Industry—April, 1936

(Liabilities in thousands of dollars)

District	Manufacturing		Wholesale Trade		Retail Trade		Construction		Commercial Service		Total	
	No.	Liab.	No.	Liab.	No.	Liab.	No.	Liab.	No.	Liab.	No.	Liab.
Boston (1)	12	931	9	143	50	355	6	184	3	75	80	1,688
New York (2)	79	2,303	38	626	138	1,161	7	299	11	153	273	4,542
Philadelphia (3)	9	169	8	159	24	127	2	6	4	15	47	476
Cleveland (4)	9	107	11	163	35	727	3	427	3	28	61	1,452
Richmond (5)	5	24	4	61	23	119	2	199	3	34	37	437
Atlanta (6)	4	75	..	..	21	1,530	3	19	1	10	29	1,634
Chicago (7)	18	837	10	125	68	626	3	18	5	119	104	1,725
St. Louis (8)	4	53	2	5	19	238	..	..	..	..	25	296
Minneapolis (9)	2	61	2	14	19	143	..	..	2	3	25	221
Kansas City (10)	2	76	1	12	31	129	..	..	1	9	35	226
Dallas (11)	3	49	2	42	11	96	1	333	..	..	17	520
San Francisco (12)	14	274	6	130	67	330	5	85	5	121	97	940
Total U. S.	161	4,959	93	1,480	506	5,581	32	1,570	38	567	830	14,157

MARKETING TRENDS

THE retarding influence of bad weather and floods in February and March was followed by a rebound in consumer demand in most branches of distributive trade which lifted the April sales volume well above the corresponding month a year ago. Pre-Easter trade expanded sharply, with the aggregate reaching a close to six-year peak.

The rise in retail trade has been accompanied by a more than seasonal increase in industrial production, particularly in the metal-consuming industries. Industrial pay rolls showed further gains and farm income also trended upward, while bank clearings and bank debits were higher despite the reversal of the long-continued rising movement in security markets. Larger dividend disbursements, plus the continuing large Government expenditures for relief purposes, also contributed to the improvement in public buying noted last month.

Rural Sales Increase

Daily average sales of general merchandise in small towns and rural areas for April were about 8.5 per cent higher in dollar volume than for April, 1935, and were 49 per cent above those for the same month of 1934, according to preliminary estimates of the Bureau of Foreign and Domestic Commerce. Sales for April increased about 6.5 per cent from March, or more than the usual increase at this season of the year. The seasonally

adjusted index, therefore, rose to 110 for April from 106.5 for March and 93.0 for February.

Variety store sales for April were about 2.5 per cent above those for April, 1935, and about 18.5 per cent higher than March. The index of variety sales, which makes allowance for the shifting date of Easter, increased after adjustment for this and other seasonal factors, to 94.5 per cent of the 1929-1931 average, from 93.5 for March and

systems to report for April amounted to \$226,560,616, an increase of 10.3 per cent over the same month of 1935. This compared with advances of 7.4, 7.6 and 6.5 per cent, respectively, for similar comparisons in January, February and March. Mail-order sales for April were 16.5 per cent above a year ago and exceeded every other similar period in history.

The regular monthly tabulation of reports from the offices of Dun & Bradstreet, Inc., revealed further marked improvement in all branches of trade, as well as a slight gain in collections. The summary of wholesale trade reports for the latest month showed 96 cities with Good sales, 63 with Fair sales, and only 2 with Quiet sales. This compared with 86 Good, 63 Fair and 11 Quiet in March.

In retail lines the improvement was more marked. Good sales were noted in

ADJUSTED INDEXES OF RETAIL SALES

(1929-1931 = 100)

	* Department Stores	† Rural General Merchandise	‡ 5c. and 10c. Variety Stores	§ New Passenger Automobiles
1936				
April	79.5	110.0	94.5	.....
March	86.3	106.5	93.5	100.5
February	78.5	93.0	88.0	89.5
January	77.5	96.5	91.0	102.0
1935				
December	82.4	110.0	96.5	106.5
November	79.5	103.5	93.7	113.5
October	75.5	104.5	92.0	82.0
September	79.5	105.0	91.8	79.0
August	76.5	93.0	89.6	75.0
July	78.5	97.0	92.1	81.0
June	78.5	99.5	90.7	78.5
May	74.6	93.0	86.0	70.0
April	71.6	101.0	90.6	78.5
March	80.4	97.5	93.0	94.5
February	73.6	90.5	90.8	86.5
January	72.6	87.5	90.2	75.0

* Compiled by the Federal Reserve Board.

† Compiled by the Department of Commerce.

88.0 for February. Department store sales increased from March to April, but by less than the usual seasonal amount, and the Federal Reserve Board's index, after seasonal adjustment, declined from 86.3 for March to 79.5 for April. Total sales for April, however, were 8 per cent larger and total sales in the first four months of the year 9 per cent larger than in the corresponding periods of 1935.

Chain Store Showing Good

Chain and mail-order sales in April made the relatively best exhibit so far this year. The total sales of the first thirty multiple

104 cities, 54 had Fair sales, while only 3 reported Quiet sales. The comparative figures for the preceding month were as follows: 90 Good, 60 Fair and 10 Quiet.

The expansion in retail trade during April was most marked in the Southern States, the number of Good reports in that group advancing to 36 from 25 in March. Gains were noted in all other sections except the East Central.

The April summary on collections was only slightly better than in March. There were 52 centers with Good collections last month, 101 Fair and 8 Slow, against 48, 93 and 19, respectively, in March.

THE TREND OF PRICES

THE commodity price movement in April disclosed only minor changes. Advances in grains and foods were slightly outweighed by weakness in textiles, leather, fuels and naval stores, resulting in a small loss for the month.

Dun & Bradstreet Off Slightly

A small decrease in the Dun & Bradstreet Monthly Wholesale Commodity Price Index marked the fifth successive decline in this series. This brought the May 1 figure to \$9.8191, the lowest since May 1, 1935, when the index stood at \$9.7965. The increase over a year ago amounted to only 0.2 per cent, but was 7.3 per cent above the \$9.1552 number set down on May 1, 1934. The cumulative decline since January 1, 1936, totalled 5.3 per cent.

Groups	May 1, 1936	Apr. 1, 1936	May 1, 1935
Breadstuffs	\$0.1001	\$0.0983	\$0.1211
Livestock	.3571	.3365	.3195
Provisions	2.7879	2.7471	2.8008
Fruits	.2238	.2226	.2068
Hides and Leather	.9775	1.0075	.9275
Textiles	2.6945	2.7470	2.6777
Metals	.7349	.7411	.7071
Coal and Coke	.0112	.0119	.0107
Oils	.5097	.5181	.5279
Naval Stores	.1086	.1122	.1307
Building Materials	.1126	.1124	.1064
Chemicals and Drugs	.8461	.8461	.8478
Miscellaneous	.3551	.3533	.3525
Total All	\$9.8191	\$9.8541	\$9.7965

The slight lowering of the May 1 index was largely due to the decline in the hides and leather and textile groups. In all, 6 groups advanced, 6 declined and 1 was unchanged. Individual price changes revealed 18 advances, 27 declines and 51 unchanged.

Dun's Index Again Lower

Following the rather abrupt drop in March, Dun's Index Number of Wholesale Commodity Prices showed only a slight decline in April. The May 1 index registered \$173.485, as compared with \$173.649 on April 1. While the loss was only \$0.164, or 0.09 per cent, it represented the lowest point touched since September 1, last. It also marked the first time in three years that the index failed to exceed its comparative position of the year preceding. The decrease from a year ago, when it stood at \$176.231, was 1.6 per cent.

	May 1, 1936	Apr. 1, 1936	Mar. 1, 1936	May 1, 1935
Breadstuffs	\$23.681	\$23.369	\$23.912	\$28.953
Meat	18.724	19.881	20.873	22.615
Dairy & Garden	21.306	18.985	23.740	19.317
Other Food	17.272	17.271	17.264	17.288
Clothing	29.768	30.560	30.311	27.156
Metals	23.122	24.328	24.327	22.115
Miscellaneous	39.522	39.255	39.174	38.787
Total	\$173.485	\$173.649	\$179.601	\$176.231

Food Index Irregular

Irregularity marked the trend in wholesale food prices last month. The Dun & Bradstreet Weekly Food Index displayed a rather sharp upward movement in the first two weeks of April after having reached the year's low point in the final week of March. The index declined in the latter half of April and dropped to \$2.58 for the period ended May 5. This reflected a loss of 2c. from a month ago and 4c. under the same week of 1935.

The Weekly Food Index is the sum total of the price per pound of 31 articles in common use. Comparisons for recent weeks and years are given herewith:

	1936	1935	1934	1933	1932
May 5	\$2.58	\$2.62	\$2.10	\$1.80	\$1.64
Apr. 28	2.60	2.62	2.09	1.77	1.69
Apr. 21	2.59	2.68	2.11	1.75	1.72
Apr. 14	2.64	2.71	2.11	1.63	1.72
Apr. 7	2.60	2.74	2.10	1.62	1.74
Mar. 31	2.57	2.69	2.10	1.58	1.76

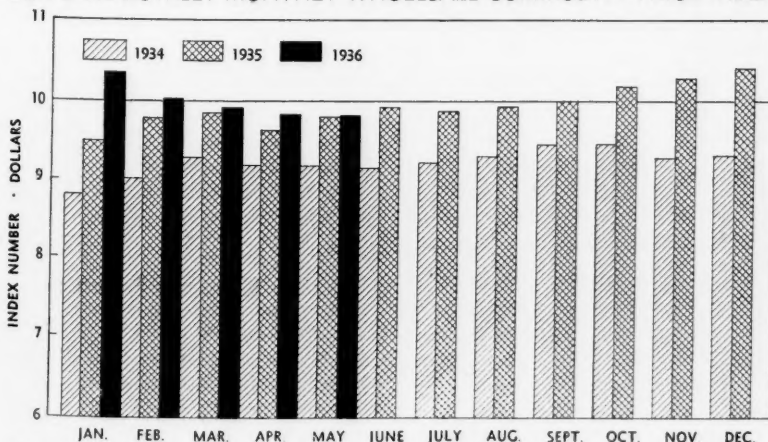
Daily Commodity Index

Daily fluctuations in the Dun & Bradstreet Daily Weighted Price Index since December 1, 1935, are set forth below:

	(1930-1932 = 100)				1935
	Apr.	Mar.	Feb.	Jan.	Dec.
1	120.04	+	121.86	Holiday	+
2	119.81	121.63	+	122.40	121.23
3	119.87	121.89	121.71	122.32	121.16
4	119.71	121.72	121.90	122.40	120.89
5	+	121.42	122.11	+	120.88
6	119.76	120.65	122.07	122.28	121.01
7	119.87	121.53	121.67	121.42	120.81
8	120.11	+	121.71	121.30	+
9	120.48	120.93	+	120.68	120.60
10	Holiday	120.72	121.03	121.04	120.79
11	Holiday	121.00	122.37	121.11	120.06
12	+	121.66	Holiday	+	120.04
13	121.09	121.48	122.64	120.82	121.40
14	121.56	121.30	122.97	120.56	121.08
15	121.42	+	123.31	120.29	+
16	120.82	121.37	+	120.33	120.24
17	121.14	121.12	122.31	120.28	120.05
18	121.41	120.72	123.03	120.88	120.47
19	+	120.85	123.40	+	120.49
20	121.65	120.64	123.03	121.23	120.93
21	120.93	120.07	122.70	121.20	120.89
22	121.56	+	Holiday	121.61	+
23	121.27	120.31	+	122.14	122.22
24	120.73	120.60	121.65	122.19	121.85
25	120.85	120.49	121.42	122.61	Holiday
26	+	120.39	121.70	+	122.19
27	119.09	120.22	121.91	122.38	121.46
28	119.81	120.50	121.87	122.13	120.54
29	119.36	+	121.81	121.84	+
30	119.44	120.29	+	121.60	121.17
31	+	119.93	+	121.60	121.79

	High	Low
1936	123.40	Feb. 19
1935	124.83	Oct. 8
1934	121.58	Dec. 31
1933	113.52	July 18
1932	84.41	Jan. 7
		69.55
		Dec. 24

DUN & BRADSTREET MONTHLY WHOLESALE COMMODITY PRICE INDEX



Commodity prices showed a further slight decline last month. This brought the May 1 index to the lowest level in the past year, and also marked the fifth successive monthly decrease since last December.

GRAPHIC REVIEWS

WOOL CONSUMPTION

TRADING in the principal wool markets during April was uncertain, with volume greatly restricted. Previous to last month prices had been held close to the peak levels of last February, but early in April values eased, as new wools were offered below the quotations that had ruled on similar types in February and March.

Wool Consumption *

(Scoured Basis—Apparel and Carpet Class—Pounds)

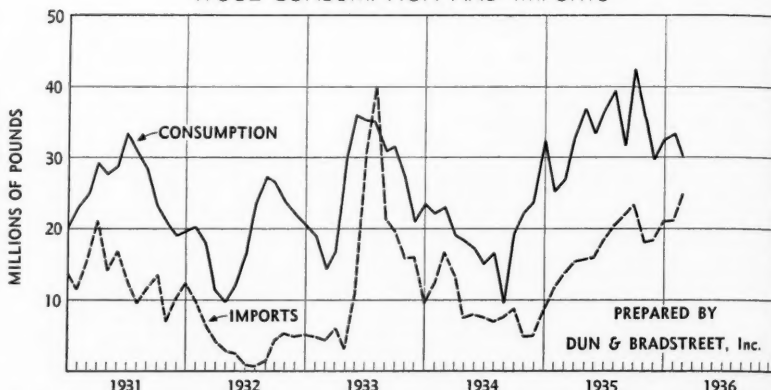
	1936	1935	1934
Jan.	32,600,000	32,200,000	23,500,000
Feb.	33,300,000	25,300,000	22,100,000
Mar.	30,000,000	27,000,000	23,100,000
Apr. ....	.....	32,800,000	19,000,000
May ....	.....	36,900,000	18,300,000
June ....	.....	33,500,000	17,200,000
July ....	.....	36,900,000	14,900,000
Aug. ....	.....	39,600,000	16,600,000
Sept. ....	.....	31,600,000	9,600,000
Oct. ....	.....	42,500,000	19,400,000
Nov. ....	.....	35,400,000	22,200,000
Dec. ....	.....	29,900,000	23,800,000
Total ..	.....	403,600,000	229,700,000

* Source: Rayon Organon.

March consumption of apparel and carpet class wools declined to 30,000,000 pounds (scoured basis), as compared with 33,300,000 pounds in February, according to estimates of the *Rayon Organon*. Despite this decrease, it was the largest March figure since 1929.

For the first quarter of 1935 wool usage totalled 95,900,000 pounds, the highest since 1929, and with that exception, the largest total reported since 1924, when con-

WOOL CONSUMPTION AND IMPORTS



The trend in wool consumption during March was lower than in the two preceding months. Despite this drop, the March and first-quarter totals were higher than any similar periods in the past seven years.

sumption amounted to 98,900,000 for the first three months.

Imports in March at 25,296,000 pounds, greatly exceeded the March, 1935, figure and also set a new peak since August, 1933. The Bureau of the Census reported a drop in raw wool stocks to 142,417,000 pounds as of March 31.

Wool Imports *

(Pounds)

	1936	1935	1934
Jan.	21,167,000	8,583,000	9,637,000
Feb.	21,212,000	11,964,000	12,622,000
Mar.	25,296,000	13,939,000	16,975,000
Apr. ....	.....	15,459,000	13,567,000
May ....	.....	15,778,000	7,458,000
June ....	.....	15,932,000	8,003,000
July ....	.....	18,760,000	7,632,000
Aug. ....	.....	20,760,000	7,046,000
Sept. ....	.....	21,952,000	7,567,000
Oct. ....	.....	23,498,000	8,850,000
Nov. ....	.....	18,041,000	4,964,000
Dec. ....	.....	18,467,000	5,074,000
Total ..	.....	202,734,000	109,395,000

* Source: Department of Commerce.

BITUMINOUS COAL OUTPUT

BITUMINOUS coal production in April, although only slightly below that of the preceding month, was the smallest since last September. Despite this drop, it was the largest April figure reported since 1931. Coal mining in March declined sharply from February, due to interruptions caused by floods and lack of electric power.

Total output last month was 30,350,000 tons, as compared with 31,233,000 tons in March. Comparison with April, last year, however, when only 21,937,000 tons were mined, showed an increase of 38.4 per cent.

Monthly Bituminous Production *

(Tons)

	1936	1935	1934
Jan. ...	39,330,000	36,681,100	33,459,000
Feb. ...	41,375,000	34,781,000	32,660,000
Mar. ...	31,233,000	38,655,000	38,475,000
Apr. ...	30,350,000	21,937,000	24,661,000
May ...	.....	26,773,000	27,445,000
June ...	.....	30,067,000	25,898,000
July ...	.....	22,252,000	24,851,000
Aug. ...	.....	26,112,000	27,500,000
Sept. ...	.....	24,944,000	27,908,000
Oct. ...	.....	37,664,000	33,008,000
Nov. ...	.....	33,285,000	30,977,000
Dec. ...	.....	34,529,000	32,526,000
Total ..	.....	367,980,000	359,368,000

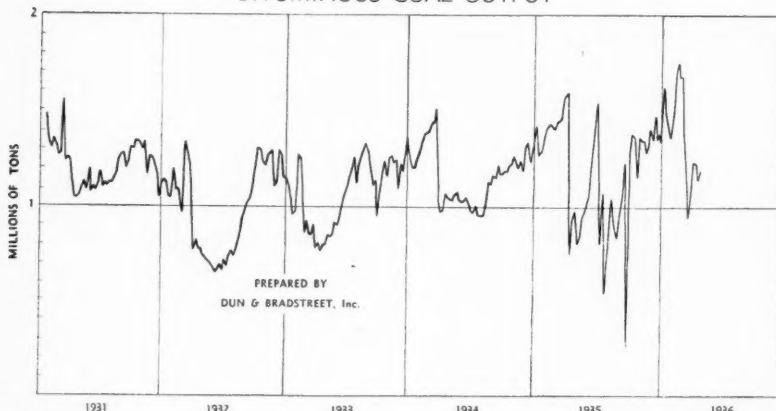
Weekly Bituminous Production *

(Daily Average Output, Tons)

	1936	1935	1934
Apr. 25 ...	1,186,000	805,000	1,057,000
Apr. 18 ...	1,131,000	981,000	981,000
Apr. 11 ...	1,223,000	920,000	980,000
Apr. 4 ...	1,225,000	741,000	1,044,000
Mar. 28 ...	1,050,000	1,611,000	1,534,000
Mar. 21 ...	1,939,000	1,570,000	1,443,000
Mar. 14 ...	1,250,000	1,484,000	1,427,000
Mar. 7 ...	1,450,000	1,467,000	1,393,000
Feb. 29 ...	1,662,000	1,463,000	1,379,000

* Source: U. S. Bureau of Mines.

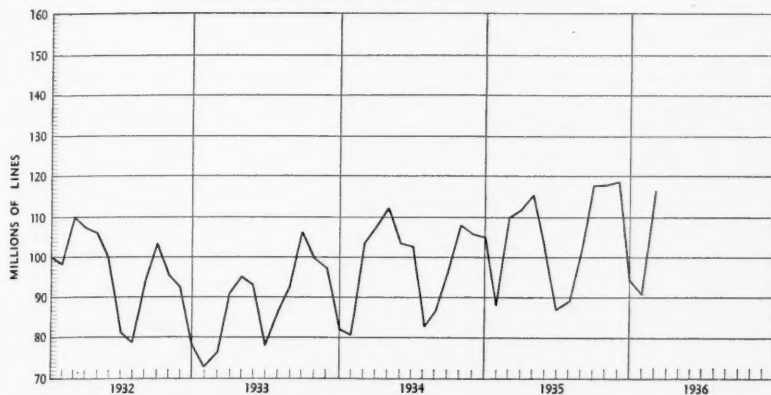
BITUMINOUS COAL OUTPUT



The chart shows the weekly movement of daily average production. The April daily average rate was practically the same as in March but was considerably under the average of the first two months of 1936.

OF MAJOR TRENDS

NEWSPAPER ADVERTISING LINEAGE



For the ninth consecutive month newspaper advertising lineage exceeded the comparative figures of the preceding year. Total lineage for the first three months showed a rise of 6.7 per cent over 1935.

NEWSPAPER ADVERTISING

NEWSPAPER advertising lineage continued to rise over the comparative figures of the preceding year for the ninth consecutive month. The March total, based on data for 52 identical cities, as compiled by Media Records, Inc., aggregated 116,443,051, an increase of 5.8 per cent over the same month of 1935. Total lineage for the first quarter of 1936 amounted to 302,587,588, a gain of 6.7 per cent over the same period a year ago, and the largest first-quarter total since 1932.

Newspaper Advertising Lineage *

	1936	1935	1934
(Total, 52 Identical Cities)			
Jan. ...	94,810,048	88,054,983	82,454,643
Feb. ...	91,334,489	85,430,250	80,787,702
Mar. ...	116,443,051	110,066,979	103,648,150
Apr. ...	112,803,427	107,490,670	
May ...	115,854,261	112,122,217	
June ...	102,209,512	103,645,828	
July ...	87,363,037	83,183,488	
Aug. ...	89,906,849	87,692,250	
Sept. ...	101,347,234	96,377,922	
Oct. ...	117,426,722	108,809,838	
Nov. ...	117,704,434	106,998,808	
Dec. ...	118,683,816	105,668,881	
Total ..	1,246,941,513	1,178,880,397	

* Source: Media Records, Inc.

Financial advertising continued substantially above last year. The March total reached 2,773,078 lines, an increase of 35.1 per cent, while the aggregate for the three months was 7,251,190, a gain of 29.8 per cent. Automotive lineage at 5,453,-

212 for March was below last year for the third successive month. All other classifications showed gains for March.

Following are the March and three months' comparisons of newspaper lineage, as compiled by Media Records, Inc.:

	—March—		Change
	1936	1935	P. Ct.
Retail	63,326,861	62,750,781	+ 0.9
General	22,899,021	20,214,570	+13.3
Automotive ...	5,453,212	5,559,564	- 1.9
Financial	2,773,078	2,052,386	+35.1
Classified	21,900,879	19,489,678	+12.8
Total	116,443,051	110,066,979	+ 5.8
	—Three Months—		Change
	1936	1935	P. Ct.
Retail	164,378,823	159,227,797	+ 3.2
General	60,048,768	52,142,466	+15.2
Automotive ...	12,872,208	16,003,266	-19.6
Financial	7,251,190	5,585,475	+29.8
Classified	58,036,599	50,593,217	+14.7
Total	302,587,588	283,552,221	+ 6.7

FREIGHT CARLOADINGS

THE rising trend in industrial activity during April was accompanied by a similar gain in freight traffic handled by the railroads. Freight loadings in each of the six weeks since the flood interruptions of last March have increased steadily, with the total loadings for the week ended May 2 reaching the highest level since the week of February 29. The total for the latest week was 671,154 cars, an increase of 18 per cent over the same week of 1935.

Loadings for the first eighteen weeks of 1936 amounted to 11,123,211 cars, a gain of 7.2 per cent over last year and of 5.8 per cent above the like 1934 period.

Carloadings by commodity groups for the first eighteen weeks of 1936 and 1935, follow:

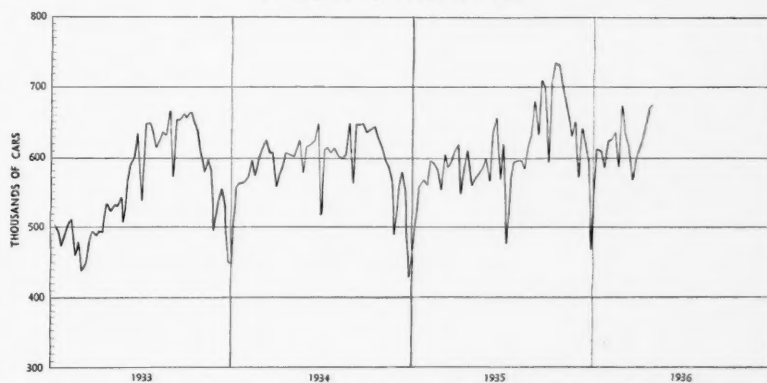
	1936	1935	Change
			P. C.
Miscellaneous freight	4,337,968	3,961,051	+ 9.5
Merchandise (L.C.L.)	2,728,148	2,785,031	- 2.0
Coal	2,480,363	2,266,459	+ 9.4
Forest products	514,001	430,942	+19.3
Ore	127,988	108,651	+17.8
Coke	153,839	123,019	+25.1
Grain & grain products	562,955	469,787	+19.8
Livestock	217,949	231,006	- 5.7
Total (18 weeks) ..	11,123,211	10,375,946	+ 7.2

Carloadings by Weeks *

	1936	1935	1934
May 2	671,154	568,927	605,246
Apr. 25	666,181	558,936	609,704
Apr. 18	642,657	611,141	591,705
Apr. 11	622,138	586,568	579,981
Apr. 4	613,867	545,456	559,070
Mar. 28	600,487	616,520	610,190
Mar. 21	566,808	607,178	610,036
Mar. 14	616,862	597,431	627,549

* Source: Association of American Railroads.

FREIGHT CARLOADINGS



The volume of freight traffic hauled increased in each of the six weeks ended with May 2, the gain in the latest week lifting the total for the first eighteen weeks of the year to 7.2 per cent above 1935.

GRAPHIC REVIEWS

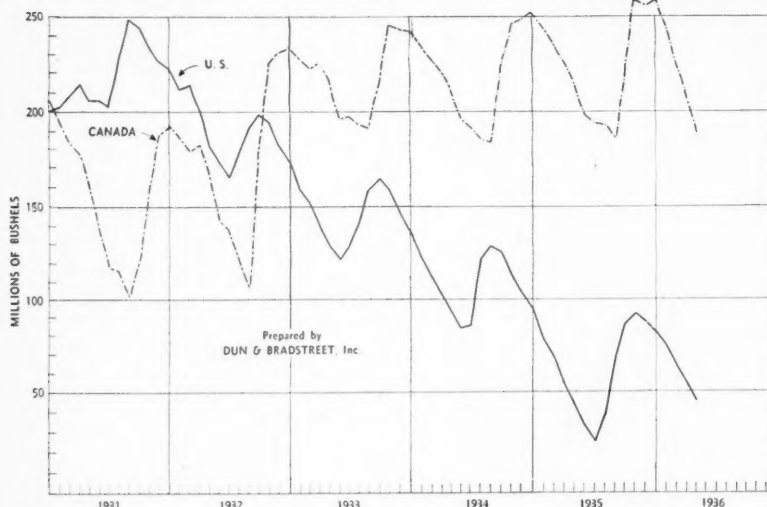
BUILDING AGAIN HIGHER

A FURTHER seasonal rise was noted in the building industry during April. The dollar value of permits issued in 215 cities of the United States was \$83,966,821, against \$78,072,223 during March and \$51,717,570 in April, 1935. This represented a seasonal gain of 7.5 per cent over March, while the rise over the same month of last year was 62.4 per cent. The April building permit volume was the largest recorded since August, 1931, and also marked the sixteenth consecutive month to show an increase over the corresponding period of the previous year.

The group totals of building permit values for the 215 cities for April, this year and last, together with percentage changes, are shown in the following table:

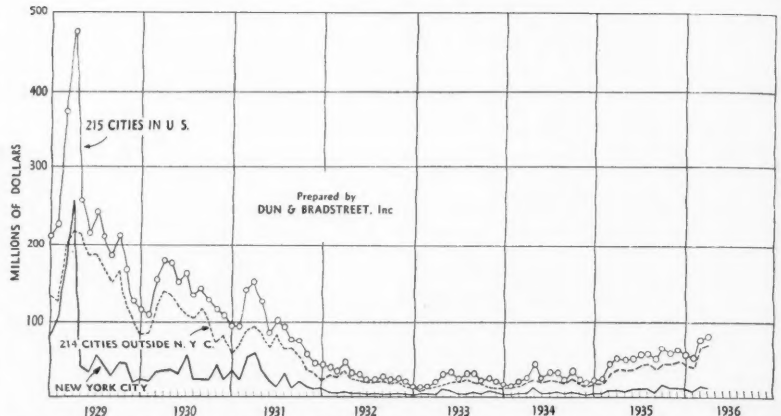
Groups	April, 1936	April, 1935	Change P. Ct.
New England..	\$4,284,430	\$3,854,640	+ 11.2
Middle Atlantic	26,928,382	16,869,672	+ 59.6
South Atlantic..	9,700,062	4,677,395	+ 107.4
East Central..	17,707,406	8,551,564	+ 107.1
South Central..	8,017,199	4,675,175	+ 71.5
West Central..	3,966,440	2,713,665	+ 46.2
Mountain	1,533,880	911,443	+ 68.3
Pacific	11,829,022	9,464,016	+ 25.0
Total U. S. . . .	\$83,966,821	\$51,717,570	+ 62.4
New York City..	\$13,592,566	\$12,643,378	+ 7.5
Outside N.Y.C.	\$70,374,255	\$39,074,192	+ 80.1

UNITED STATES AND CANADIAN VISIBLE WHEAT SUPPLIES



United States visible wheat supplies on May 1 were slightly above those held at the same time last year, while Canadian supplies were about 25,000,000 bushels below the corresponding period of last year.

BUILDING PERMIT VALUES



A further seasonal gain in building activities lifted the permit value total for April to the highest since August, 1931. The aggregate for the first four months of 1936 was also the largest since 1931.

Permit values for the first four months of 1936 amounted to \$268,556,609, the largest since 1931, and an increase of 77.6 per cent above the same period of last year.

Building Permit Values (Monthly)

	1936	1935	1934
Jan.	\$54,957,904	\$26,826,268	\$20,825,055
Feb.	51,559,661	27,636,367	19,326,964
Mar.	78,072,223	45,063,852	25,505,005
April	83,966,821	51,717,570	29,280,666
May	49,327,248	43,825,268	
June	52,072,784	28,621,565	
July	54,191,787	38,890,650	
Aug.	55,536,546	34,452,738	
Sept.	47,479,944	26,567,925	
Oct.	66,965,705	37,501,122	
Nov.	56,276,588	27,459,066	
Dec.	62,992,039	21,125,723	
Total	\$506,686,708	\$348,390,747	

VISIBLE WHEAT SUPPLIES

VISIBLE wheat supplies in both the United States and Canada have displayed a steadily downward seasonal movement during the past six months.

Visible Wheat Supplies *

	1936	United States	Canada
May 1		46,065,000	189,250,000
April 1		55,147,000	206,823,000
March 1		64,789,000	223,725,000
February 1		75,094,000	243,631,000
January 1		81,983,000	259,928,000
1935			
December 1		87,714,000	257,424,000
November 1		90,177,000	259,869,000
October 1		85,636,000	219,903,000
September 1		69,416,000	186,114,000
August 1		39,039,000	192,479,000
July 1		25,883,000	194,779,000
June 1		34,641,000	199,926,000
May 1		44,407,000	213,514,000
April 1		56,725,000	227,259,000
March 1		67,415,000	235,515,000
February 1		79,803,000	242,368,000
January 1		95,305,000	253,119,000
1934			
December 1		104,302,000	249,686,000
November 1		113,525,000	246,247,000
October 1		126,115,000	222,260,000
September 1		129,138,000	183,710,000
August 1		122,764,000	185,120,000
July 1		84,498,000	190,717,000
June 1		82,590,000	196,869,000
May 1		92,200,000	211,091,000
April 1		101,158,000	220,759,000
March 1		111,730,000	227,060,000
February 1		121,453,000	233,368,000
January 1		137,791,000	241,084,000

* Source: Dun & Bradstreet, Inc.

U. S. Wheat Exports *

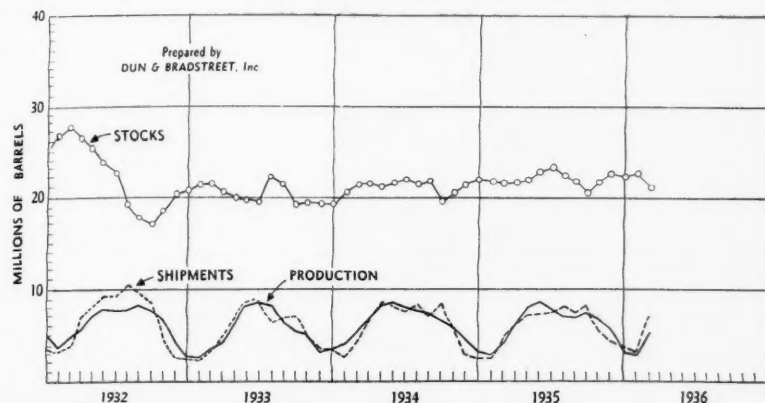
(In bushels—including flour as wheat)

	1936	1935	1934
Jan.	1,202,000	1,257,000	4,570,000
Feb.	1,192,000	1,301,000	4,039,000
Mar.	1,371,000	1,502,000	4,738,000
Apr.		1,281,000	5,482,000
May		1,426,000	4,335,000
June		1,195,000	1,415,000
July		1,231,000	2,168,000
Aug.		1,278,000	2,042,000
Sept.		1,324,000	2,199,000
Oct.		1,489,000	1,923,000
Nov.		1,602,000	1,936,000
Dec.		1,132,000	1,511,000
Total		16,018,000	36,353,000

* Source: U. S. Department of Commerce.

OF MAJOR TRENDS

CEMENT PRODUCTION, SHIPMENTS AND STOCKS



March shipments of portland cement were more than double those of February and were likewise greatly in excess of March last year. Production lagged behind shipments, resulting in a moderate drop in stocks.

PORTLAND CEMENT INDUSTRY

DESPITE adverse weather conditions, shipments of Portland cement during March and the first quarter were the heaviest in the past four years, according to the latest report of the U. S. Bureau of Mines. Aided by the substantial seasonal expansion in the building construction industries, shipments during March rose more than usually to 7,138,000 barrels from 3,156,000 during February, representing an increase of 3,982,000 barrels, or a rise of 126.2 per cent.

Cement Production (Barrels) *

	1936	1935	1934
Jan.	3,630,000	3,202,000	3,779,000
Feb.	3,454,000	3,055,000	4,168,000
Mar.	5,263,000	4,299,000	5,257,000
Apr.	6,136,000	6,544,000	6,544,000
May	8,222,000	8,554,000	8,554,000
June	8,725,000	8,813,000	8,813,000
July	8,021,000	8,144,000	8,144,000
Aug.	7,235,000	7,842,000	7,842,000
Sept.	7,173,000	7,680,000	7,680,000
Oct.	7,510,000	6,675,000	6,675,000
Nov.	7,093,000	5,779,000	5,779,000
Dec.	5,803,000	4,447,000	4,447,000
Total	76,472,000	77,682,000	77,682,000

Cement Shipments (Barrels) *

	1936	1935	1934
Jan.	3,889,000	2,846,000	3,778,000
Feb.	3,156,000	2,952,000	2,952,000
Mar.	7,138,000	4,878,000	4,618,000
Apr.	6,198,000	6,492,000	6,492,000
May	7,428,000	8,784,000	8,784,000
June	7,632,000	8,541,000	8,541,000
July	7,813,000	7,898,000	7,898,000
Aug.	8,105,000	8,249,000	8,249,000
Sept.	7,799,000	7,388,000	7,388,000
Oct.	8,794,000	8,439,000	8,439,000
Nov.	5,976,000	5,674,000	5,674,000
Dec.	4,514,000	3,104,000	3,104,000
Total	74,934,000	75,917,000	75,917,000

* Source: U. S. Bureau of Mines.

Shipments for the first three months of the year totalled 14,183,000 barrels. This was 1,483,000 barrels in excess of production and resulted in a decline in stocks to 21,096,000 barrels at the end of March, as compared with 22,908,000 barrels on December 31, last, and 21,289,000 a year ago.

Cement Stocks (Barrels) *

	1936	1935	1934
Jan.	22,686,000	21,785,000	19,547,000
Feb.	22,971,000	21,899,000	20,762,000
Mar.	21,096,000	21,289,000	21,422,000
Apr.	21,219,000	21,557,000	21,557,000
May	21,991,000	21,301,000	21,301,000
June	23,083,000	21,600,000	21,600,000
July	23,287,000	21,852,000	21,852,000
Aug.	22,415,000	21,424,000	21,424,000
Sept.	21,783,000	21,734,000	21,734,000
Oct.	20,501,000	19,972,000	19,972,000
Nov.	21,613,000	20,078,000	20,078,000
Dec.	22,908,000	21,460,000	21,460,000

* Source: U. S. Bureau of Mines.

ELECTRICITY PRODUCTION

THE average daily production of electricity for public use in the United States in March was 287,600,000 kilowatt-hours, or 3.0 per cent less than the February average, indicating the beginning of the usual seasonal decrease in demand for electricity, due to increase in hours of daylight and in daily temperature, according to the United States Geological Survey. Total output for the month of March was 8,915,579,000 kilowatt-hours, an increase of 11 per cent over March, 1935.

Monthly Electricity Production *

(Millions of kilowatt-hours)

	1936	1935	1934	1933
January ...	9,257	8,354	7,651	6,965
February ...	8,602	7,491	7,066	6,297
March ...	8,916	8,008	7,735	6,687
April ...	7,816	7,458	6,478	6,478
May ...	8,022	7,704	7,013	7,013
June ...	7,875	7,490	7,242	7,242
July ...	8,373	7,617	7,491	7,491
August ...	8,576	7,722	7,688	7,688
September ...	8,206	7,207	7,350	7,350
October ...	8,847	7,833	7,479	7,479
November ...	8,690	7,609	7,243	7,243
December ...	9,139	8,058	7,470	7,470
Total	99,397	91,150	85,403	85,403

* Source: U. S. Geological Survey.

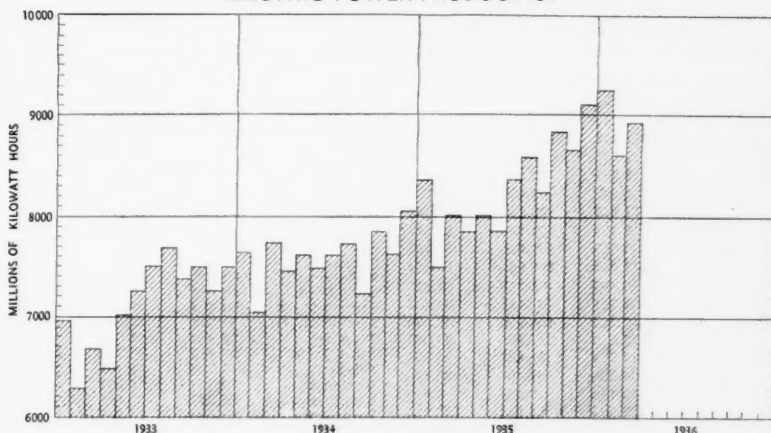
Weekly Electricity Output *

(Millions of kilowatt-hours)

	1936	1935	1934
May 2	1,928,803	1,679,178	1,633,000
Apr. 25	1,932,797	1,673,295	1,669,000
Apr. 18	1,914,710	1,701,945	1,673,000
Apr. 11	1,933,610	1,725,352	1,642,000
Apr. 4	1,916,483	1,700,334	1,617,000
Mar. 28	1,807,093	1,712,863	1,666,000
Mar. 21	1,862,387	1,724,763	1,658,000
Mar. 14	1,900,803	1,728,323	1,650,000
Mar. 7	1,893,311	1,724,131	1,647,000
Feb. 29	1,903,363	1,734,338	1,658,000

* Source: Edison Electric Institute.

ELECTRIC POWER PRODUCTION



With an increase of 12.3 per cent over last year and of 9.4 per cent over 1930, total output of electricity for public use in the United States for the first quarter of this year topped all previous records.

APRIL BUILDING PERMIT VALUES FOR 215 CITIES

THE detailed report of building permit values for April, 1936 and 1935, and for March, 1936, as reported to Dun & Bradstreet, Inc., follows:

	Apr., 1936	Apr., 1935	Mar., 1936
New England			
Boston	\$990,241	\$1,032,250	\$652,796
Bridgeport	107,940	56,045	235,977
Brockton	17,050	118,400	35,065
Burlington, Vt.	33,919	39,215	32,540
Cambridge	47,268	39,300	69,318
Chelsea	12,460	12,645	8,913
Everett	8,275	9,676	9,456
Fall River	34,029	54,110	15,685
Fitchburg	27,413	19,454	16,383
Greenwich	271,025	97,055	191,260
Haverhill	223,279	447,391	85,599
Holyoke	8,925	9,135	23,425
Lawrence	167,700	25,000	4,300
Lowell	138,100	28,337	30,300
Lynn	43,402	15,965	23,205
Manchester	38,682	18,385	40,664
Medford	37,876	62,665	25,983
New Bedford	29,795	9,835	436,310
New Britain	39,885	12,200	14,055
New Haven	70,019	37,788	75,049
Newton	116,144	80,223	154,559
Norwalk	427,867	141,565	636,177
Portland, Me.	128,840	43,113	57,918
Providence	66,652	20,202	114,115
Quincy, Mass.	315,400	203,900	1,520,341
Salem	222,969	41,611	177,238
Somerville	28,375	23,530	314,625
Sp'gfield, Mass.	31,535	21,892	15,715
Stamford	73,015	45,574	227,524
Waterbury	60,395	47,520	46,055
West Hartford	74,525	46,275	43,600
Worcester	241,037	215,174	260,124
Total	\$4,308,349	\$3,854,640	\$5,766,084
Middle Atlantic			
Manhattan 1.	\$923,550	\$3,892,750	\$2,800,550
Manhattan 2.	2,035,500	1,444,800	2,466,720
Bronx 1.	1,559,900	1,110,825	1,408,200
Bronx 2.	375,387	326,148	405,161
Brooklyn 1.	3,223,310	2,112,820	2,831,980
Brooklyn 2.	1,138,385	583,960	1,063,635
Queens 1.	2,999,256	1,572,053	3,119,515
Queens 2.	1,035,300	306,332	330,655
Richmond 1.	237,810	1,130,882	173,582
Richmond 2.	64,168	162,718	76,120
Total N.Y.C.	\$13,592,566	\$12,643,378	\$14,676,118
(1) New work. (2) Alterations.			
Albany	\$507,593	\$192,156	\$223,224
Allentown	187,625	206,555	44,695
Altoona	11,811	29,003	34,256
Atlantic City	168,282	53,005	82,686
Auburn	14,940	33,255	2,960
Bayonne	15,103	52,765	19,365
Binghamton	75,615	98,914	94,315
Buffalo	177,688	160,064	113,874
Camden	140,373	93,115	49,485
East Orange	91,771	37,414	208,701
Elizabeth	43,245	156,900	65,078
Elmira	25,846	11,538	38,061
Erie	140,780	31,667	27,325
Harrisburg	104,805	62,431	24,450
Jamestown	49,143	27,368	5,810
Jersey City	426,965	96,631	125,726
Lancaster	63,920	86,075	44,730
Mount Vernon	118,700	57,110	144,145
Newark, N. J.	2,108,390	118,812	168,369

	Mid. Atlantic	Apr., 1936	Apr., 1935	Mar., 1936
(Cont.)				
New Brunswick	\$27,034	\$4,764	\$92,525	
New Rochelle	407,811	73,348	108,131	
Niagara Falls	126,367	116,173	81,303	
Philadelphia	3,710,280	534,630	2,197,570	
Pittsburgh	1,416,018	846,437	214,126	
Poughkeepsie	40,645	7,393	1,550	
Reading	64,665	81,995	440,155	
Rochester	188,620	103,449	91,055	
Schenectady	285,158	54,857	53,015	
Scranton	1,123,915	214,032	26,055	
Syracuse	268,443	134,275	443,568	
Troy	39,210	40,810	29,481	
Utica	51,500	13,250	25,028	
Watertown	6,765	9,162	11,124	
White Plains	367,237	18,572	375,115	
Wilkes-Barre	73,898	64,588	48,411	
Williamstown	124,178	56,850	18,385	
Wilmington	185,384	114,425	1,431,846	
Yonkers	288,375	97,250	213,700	
York	67,718	35,256	31,664	
Total	\$26,928,382	\$16,869,672	\$22,127,180	
South Atlantic				
Asheville	\$66,420	\$69,425	\$29,440	
Atlanta	354,833	254,526	806,356	
Augusta	21,030	23,736	25,923	
Baltimore	2,019,240	840,420	1,394,040	
Charleston, S.C.	39,326	23,039	522,820	
Charlotte	232,080	118,529	162,707	
Coral Gables	114,437	16,500	94,175	
Greensboro	259,940	145,473	118,657	
Greenville	90,852	35,175	171,807	
Jacksonville, Fla.	381,845	193,503	283,694	
Lynchburg	54,579	86,391	58,102	
Macon	25,818	29,440	136,370	
Miami	777,410	319,724	844,977	
Miami Beach	1,070,675	954,700	879,750	
Norfolk	106,852	95,414	98,199	
Richmond	684,705	89,193	333,776	
Ronoke	36,665	38,083	73,902	
Savannah	72,367	12,605	47,276	
Tampa	56,928	38,369	40,138	
Washington, D.C.	2,987,369	1,226,120	2,112,085	
Winston-Salem	246,699	67,030	135,591	
Total	\$9,700,062	\$4,677,395	\$8,369,005	
East Central				
Akron	\$222,133	\$115,940	\$337,531	
Bay City	102,601	30,858	27,743	
Berwyn	35,569	2,070	29,575	
Bluefield	8,250	6,555	6,800	
Canton	71,845	38,930	49,990	
Chicago	1,881,750	1,859,778	1,937,118	
Cincinnati	1,839,370	643,090	1,297,725	
Clarksburg	51,964	27,305	29,811	
Cleveland	584,200	291,600	640,700	
Columbus	190,750	92,100	174,300	
Dayton	154,784	39,064	109,244	
Detroit	3,998,477	1,585,002	3,590,606	
East St. Louis	22,415	25,751	39,165	
Evansville	195,060	55,750	110,500	
Flint	509,931	260,747	195,651	
Fort Wayne	243,253	92,817	142,686	
Gary	133,570	107,102	115,963	
Grand Rapids	37,807	54,293	50,178	
Hammond	207,160	55,250	183,670	
Green Bay	141,440	78,665	40,055	
Hammont	1,263,629	57,413	645,679	
Huntington	26,950	25,600	273,755	
Indianapolis	363,787	379,081	482,274	
Lansing	63,440	44,280	407,630	
Lima	66,688	10,670	13,099	
Louisville	586,125	218,950	250,260	
Madison	160,075	60,610	97,010	
Milwaukee	971,958	1,297,423	721,156	
Newark, Ohio	15,940	3,600	20,475	
Oak Park	75,890	57,495	166,740	
Peoria	181,929	430,610	116,500	
Pontiac	122,098	18,550	62,630	
Quincy, Ill.	9,735	7,060	19,380	
Racine	57,890	15,292	50,520	
Rockford	101,359	27,780	212,185	
Saginaw	102,827	89,719	71,450	
South Bend	40,240	52,130	210,910	
Springfield, Ill.	1,486,516	22,000	373,387	
Springfield, O.	52,504	37,608	19,389	
Superior	16,910	21,071	15,261	
Terre Haute	37,355	30,393	308,125	
Toledo	345,732	75,428	389,972	
Waukegan	78,300	16,887	80,372	
Wheeling	88,633	43,584	109,900	
Youngstown	58,882	37,218	76,716	
Zanesville	12,150	9,135	5,850	
Total	\$17,619,761	\$8,551,504	\$14,309,636	

	South Central	Apr., 1936	Apr., 1935	Mar., 1936
Abilene	\$894,685	\$4,610	\$19,542	
Amarillo	144,471	20,639	54,111	
Austin	342,107	293,196	241,230	
Beaumont	69,663	46,008	112,783	
Birmingham	139,626	128,977	135,906	
Chattanooga	130,040	93,756	318,142	
Dallas	1,313,628	301,596	1,164,418	
El Paso	117,370	629,491	37,303	
Fort Smith	47,885	58,307	29,406	
Fort Worth	584,610	556,208	660,838	
Galveston	70,805	53,924	134,240	
Houston	1,240,205	503,580	2,570,891	
Jackson	225,020	32,110	210,818	
Knoxville	193,336	479,105	175,897	
Little Rock	44,813	26,958	68,840	
Memphis	564,980	216,840	408,200	
Mobile	20,310	25,556	34,165	
Montgomery	61,920	58,377	63,492	
Muskogee	9,388	8,335	12,855	
Nashville	659,717	72,402	426,519	
New Orleans	37,915	202,361	329,315	
Oklahoma City	680,079	163,245	529,125	
Port Arthur	78,847	24,481	135,601	
San Angelo	5,330	14,630	15,670	
San Antonio	299,951	375,070	223,780	
Shreveport	170,233	132,634	190,638	
Tulsa	288,918	100,935	273,472	
Waco	28,127	25,335	170,437	
Wichita Falls	53,020	26,509	12,858	
Total	\$8,017,199	\$4,675,175	\$8,774,792	
West Central				
Cedar Rapids	\$58,441	\$96,749	\$120,836	
Davenport	45,061	50,304	54,862	
Des Moines	319,414	113,416	216,197	
Dubuque	7,559	30,225	12,158	
Duluth	101,181	61,493	82,629	
Fargo	40,490	48,040	4,950	
Kan. City, Kan.	93,345	31,620	44,055	
Kan. City, Mo.	313,300	438,800	298,400	
Lincoln	146,768	76,950	113,313	
Minneapolis	563,690	341,285	616,465	
Omaha	445,792	83,444	226,721	
St. Joseph	16,650	21,680	12,880	
St. Louis	1,065,799	670,097	1,043,741	
St. Paul	335,852	334,832	325,960	
Sioux City	37,250	41,255	40,300	
Sioux Falls	58,390	43,195	24,195	
Topeka	116,520	126,940	407,780	
Wichita	211,938	100,320	188,319	
Total	\$3,966,440	\$2,713,665	\$3,833,761	
Mountain				
Billings *	\$68,485	.....	\$64,825	
Boise	120,258	\$65,911	409,167	
Butte	16,475	9,000	539,105	
Colorado Spr'gs	45,169	61,685	17,545	
Denver	665,611	462,578	657,840	
Great Falls	64,030	57,893	32,045	
Ogden	45,023	30,500	56,200	
Phoenix	148,995	31,480	168,950	
Pueblo	46,135	15,946	20,167	
Salt Lake City	218,829	96,022	238,284	
Tucson	163,355	80,747	136,772	
Total	\$1,533,880	\$911,443	\$2,276,015	
(*) Not included in totals.				
Pacific				
Bakersfield	\$122,791	\$70,543	\$164,079	
Berkeley	178,668	49,421	334,002	
Beverly Hills	402,950	168,500	384,300	
Fresno	311,460	438,015	167,556	
Glendale	325,785	155,172	361,135	
Long Beach	722,800	528,275	652,750	
Los Angeles	4,677,985	4,575,938	4,646,331	

HIGHEST BANK CLEARINGS FOR APRIL SINCE 1931

A PERIOD of five years has elapsed since bank clearings during the month of April have reached the level attained this year. The total was \$24,711,000, which compared with \$22,809,000 for April, 1935, an increase of 8.3 per cent. Outside centers fared better than New York City, showing a percentage increase of 15.8 over the 1935 aggregate. Curtailed activity in securities markets somewhat reduced the volume at New York City, where the figure stood at \$16,203,000, against \$15,465,000 in April, 1935, a gain of only 4.8 per cent. This contrasted with an increase of 8.5 per cent in March over the 1935 comparative.

Reduction for Month

Clearings for April dropped 7.1 per cent below the total for the month previous and were 2.3 per cent under the January aggregate. A rise of 12 per cent, however, was shown in contrast to the February figure. In that month, there were only 23 business days, whereas in

Daily Average Bank Clearings

(000 omitted)				
	1936	1935		
April	\$950,423	\$877,269	+ 8.3	
March	1,023,446	936,678	+ 9.3	
February	959,348	868,545	+10.1	
January	972,770	907,278	+ 7.2	
	1935	1934		
December ..	\$962,866	\$869,271	+10.8	
November ...	926,672	739,907	+25.2	
October	925,833	747,546	+23.8	

April there were 26. About the same trend prevailed in the figures for 1935. Then, as in this year, the April total fell below that of March and January, but exceeded the February aggregate.

This table shows monthly bank clearings for 1936 and 1935, together with the percentage change:

Monthly Bank Clearings

(000,000 omitted)				
	1936	1935	Per Cent	Change
April	\$24,711	\$22,809	+ 8.3	
March	26,610	24,354	+ 9.3	
February	22,065	19,108	+15.5	
January	25,292	23,590	+ 7.2	
Total	\$98,678	\$89,861	+ 9.8	

The effect of the bank holiday was still evidenced in April, 1933, but showed an improvement over

the March figures in the same year. By April, 1934, conditions were more nearly normal, and the gain at individual cities ranged from 16 to 50 per cent in excess of the 1933 totals. A further rise was witnessed in April, 1935, over the 1934 totals, with the exception of New York, where a slight decline was apparent.

For April, this year, all cities reported gains over the 1935 totals. The largest of these appeared at Pittsburgh, where the increase was 46.6 per cent. Six cities rose between 21 and 22 per cent. These were Cleveland, Chicago, Omaha, Dallas, Portland, Ore., and Seattle. Smaller percentages of increase were recorded for Boston, Philadelphia, Buffalo, Cincinnati, Baltimore, New Orleans, Detroit, St. Louis, Louisville, Minneapolis, Kansas City, and San Francisco.

Daily Average Clearings

Daily average clearings for April reached a total of \$950,423, or 8.2 per cent higher than the aggregate of \$877,269,000 in 1935.

APRIL BANK CLEARINGS, 1931 TO 1936

(000,000 omitted)									
	April, 1936	Per Cent*	April, 1935	Per Cent*	April, 1934	Per Cent*	April, 1933	Per Cent*	April, 1931
Boston	\$996	+13.4	\$879	+ 3.3	\$851	+ 25.7	\$677	-33.9	\$1,804
Philadelphia	1,485	+12.1	1,325	+ 3.1	1,285	+ 49.6	859	-32.8	1,697
Buffalo	134	+ 9.8	122	+ 9.9	111	+ 24.7	89	-23.9	199
Pittsburgh	610	+46.6	416	+11.8	372	+ 40.9	264	-28.8	626
Cleveland	334	+21.2	276	+10.4	250	+ 53.4	163	-45.8	463
Cincinnati	234	+14.3	205	+12.6	182	+ 32.8	137	-26.7	252
Baltimore	270	+14.7	236	+ 5.4	224	+ 55.6	144	-42.2	344
Richmond	132	+ 4.5	126	+13.5	111	+ 23.3	90	-20.4	149
Atlanta	191	+ 9.6	175	+11.5	157	+ 41.4	111	-15.3	160
New Orleans	126	+11.0	114	+17.5	97	+ 64.4	59	-56.0	168
Chicago	1,273	+21.8	1,045	+11.9	934	+ 35.2	691	-37.9	1,901
Detroit	444	+14.9	386	+24.5	310	+81.8	34	-88.4	591
St. Louis	362	+11.4	325	+13.6	286	+ 34.9	212	-22.1	410
Louisville	125	+11.4	112	+16.7	96	+ 45.5	66	-12.0	102
Minneapolis	260	+ 6.7	244	+17.9	207	+ 16.3	178	-11.0	267
Kansas City	363	+ 0.7	360	+31.4	274	+ 35.6	202	-27.3	367
Omaha	140	+21.1	116	+ 5.5	110	+ 57.1	70	-28.6	153
Dallas	186	+21.3	154	+10.8	139	+ 47.9	94	-16.1	156
San Francisco	591	+13.5	521	+15.5	451	+ 26.3	357	-22.2	654
Portland, Ore.	115	+22.8	94	+ 8.0	87	+ 40.3	62	-21.5	117
Seattle	137	+21.7	113	+22.8	92	+ 21.1	76	-24.8	141
Total	\$8,508	+15.8	\$7,344	+10.8	\$6,626	+ 43.0	\$4,635	-33.6	\$10,721
New York	16,203	+ 4.8	15,465	- 3.9	16,089	+ 49.1	10,789	-22.8	26,381
Total All	\$24,711	+ 8.3	\$22,809	+ 0.4	\$22,715	+ 47.3	\$15,424	-26.4	\$37,102

* Percentage change from year preceding.

STATISTICAL RECORD OF

VISIBLE GRAIN SUPPLIES

Returns to DUN & BRADSTREET, INC., of available wheat stocks held on May 2, 1936, in the United States and Canada, leading ports of the United Kingdom and Europe, and the supply on passage for the United Kingdom, also the stocks of corn and oats held in the United States and Canada, with comparisons, are as follows, figures being in bushels:

Wheat	May 2, 1936	Changes from Last Week	May 4, 1935
United States, east of Rocky Mountains.....	41,482,000	- 1,665,000	40,452,000
United States, west of Rocky Mountains.....	4,583,000	- 21,000	3,955,000
Canada.....	189,250,000	- 5,172,000	213,514,000
Total, United States and Canada.....	235,315,000	- 6,858,000	257,921,000
United Kingdom and Afloat (Broomhall).....	41,700,000	+ 1,300,000	40,900,000
Total, American, United Kingdom and Afloat.....	277,015,000	- 5,558,000	298,821,000
Continent { Rotterdam & Amsterdam } (Broomhall).....	2,200,000	Unchanged	4,300,000
Total, American and European Supply.....	279,215,000	- 5,558,000	303,121,000
Corn—United States and Canada.....	8,673,000	+ 467,000	15,634,000
Oats—United States and Canada.....	46,366,000	- 1,453,000	23,078,000

The combined aggregate wheat visible supply statistics, in bushels, follow. (Last three 000 omitted):

Week ending 1936	U. S. east of Rockies	U. S. Pacific Coast	Total U. S.	Canada	Total U. S. and Canada	U. K. and Afloat	Total American, U. K. and Afloat	Total Europe	Total America and Europe
Feb. 1.....	68,010	7,084	75,094	243,631	318,725	35,300	354,025	3,600	357,625
Feb. 8.....	65,323	7,051	72,374	238,888	311,262	38,200	349,462	3,900	353,362
Feb. 15.....	63,715	6,783	70,498	234,523	305,021	40,000	345,021	3,900	348,921
Feb. 22.....	61,288	6,710	67,998	228,716	296,714	42,900	339,614	4,000	343,614
Feb. 29.....	58,164	6,625	64,789	223,725	288,514	47,700	336,214	3,800	340,014
Mar. 7.....	55,097	5,490	60,587	220,398	280,985	48,400	329,385	3,300	332,685
Mar. 14.....	53,034	6,646	60,580	215,127	275,707	47,600	323,307	3,600	326,907
Mar. 21.....	52,420	6,410	58,830	213,522	272,352	46,300	318,652	3,300	321,952
Mar. 28.....	51,148	6,191	57,339	210,549	267,888	46,100	313,988	3,000	316,988
Apr. 4.....	49,537	5,610	55,147	206,823	261,970	45,900	307,870	2,700	310,570
Apr. 11.....	47,732	5,223	52,955	203,021	255,976	45,000	300,976	2,600	303,576
Apr. 18.....	45,530	5,138	50,668	201,342	252,010	42,400	294,410	2,600	297,010
Apr. 25.....	43,147	4,604	47,751	194,422	242,173	40,400	282,573	2,200	284,773
May 2.....	41,482	4,583	46,065	189,250	235,315	41,700	277,015	2,200	279,215

Corn Exports

(By telegram to Dun & Bradstreet, Inc.)

Corn exports in bushels from leading United States and Canadian ports compare as follows:

Week ending	1936	1935	1934
Feb. 1.....	5,000	7,000	12,000
Feb. 8.....	1,000	2,000	33,000
Feb. 15.....	5,000	1,000	15,000
Feb. 22.....	5,000	.....	75,000
Feb. 29.....	1,000	5,000	9,000
Mar. 7.....	9,000	.....	49,000
Mar. 14.....	3,000	.....	40,000
Mar. 21.....	11,000	.....	.....
Mar. 28.....	1,000	.....	10,000
Apr. 4.....	.....	1,000	10,000
Apr. 11.....	.....	.....	19,000
Apr. 18.....	.....	.....	6,000
Apr. 25.....	.....	.....	11,000
May 2.....	1,000	.....	5,000

July 1 to date... 89,000 27,000 633,000

Wheat and Flour Exports

(By telegram to Dun & Bradstreet, Inc.)

The quantity of wheat (including flour as wheat) exported from leading United States and Canadian ports for the week and season compare as follows, in bushels:

Week ending	1936	1935	1934
Feb. 1.....	4,613,230	2,909,021	4,518,725
Feb. 8.....	4,803,483	2,035,497	3,165,078
Feb. 15.....	4,401,951	1,872,675	3,622,380
Feb. 22.....	4,632,699	3,229,615	3,122,133
Feb. 29.....	3,309,105	1,921,906	4,451,617
Mar. 7.....	2,977,671	1,925,088	2,834,119
Mar. 14.....	3,162,472	2,936,566	3,780,085
Mar. 21.....	3,195,079	2,255,264	3,312,605
Mar. 28.....	3,766,653	2,139,971	2,643,287
Apr. 4.....	3,288,063	2,814,784	3,426,419
Apr. 11.....	2,124,604	2,798,928	4,673,594
Apr. 18.....	2,934,989	2,364,673	2,817,302
Apr. 25.....	3,308,796	2,986,899	3,256,079
May 2.....	5,930,682	1,748,176	4,037,897

July 1 to date... 141,346,400 126,464,322 173,095,517

Grain Movement

Receipts of flour and grain at twelve Western lake and river points for the week and season compare as follows (000 omitted):

Week	Flour, bbls.	Wheat, bus.	Corn, bus.	Oats, bus.
May 2, 1936.....	377	2,514	5,547	1,609
Apr. 25, 1936.....	375	2,066	4,823	1,416
Apr. 18, 1936.....	374	1,658	4,474	1,263
Apr. 11, 1936.....	294	1,515	4,698	1,161
Apr. 4, 1936.....	373	1,854	4,174	1,129
May 4, 1935.....	364	2,653	2,979	971

Season, July 1, 1935, to May 2, 1936—

Flour, bbls.....	15,965	Corn, bus.....	153,568
Wheat, bus.....	304,859	Oats, bus.....	116,506

Season, July 1, 1934, to May 4, 1935—

Flour, bbls.....	15,438	Corn, bus.....	180,211
Wheat, bus.....	223,556	Oats, bus.....	45,986

Cereal Exports by Ports

(By telegram to Dun & Bradstreet, Inc.)

Exports of cereals from leading ports in the United States and Canada for the week ending May 2, 1936, were as follows:

From	Flour, barrels	Wheat, bushels	Corn, bushels
New York.....	58,400	225,000	.....
Philadelphia.....	.....	56,000	.....
Baltimore.....	.....	.....	.....
Boston.....	1,000	.....	.....
Newport News.....	.....	.....	.....
Norfolk.....	.....	56,000	.....
New Orleans.....	4,000	.....	1,000
Galveston.....	.....	.....	.....

Total, Atlantic..... 63,400 337,000 1,000
Previous week..... 54,230 252,000

San Francisco..... ..
Portland, Ore..... 2,864 ..
Puget Sound..... 5,470 ..

Total, Pacific..... 8,334 ..
Previous week..... 5,301 ..

Total, U. S..... 71,734 337,000 1,000
Previous week..... 59,531 252,000

Montreal..... 27,000 1,415,000 ..
Quebec..... .. 1,322,000 ..
Sorel..... 37,000 ..
Halifax..... 1,445,879 ..
Vancouver..... ..

Total, Canada..... 64,000 4,982,879 ..
Previous week..... 151,466 2,107,309 ..

Grand total..... 135,734 5,319,879 1,000
Previous week..... 210,997 2,359,309 ..

U. S. Grain East of Rocky Mountains

Stocks of grain available in the United States May 2, 1936, in bushels, were as follows, with comparisons:

(Last three 000 omitted)

	Wheat	Corn	Oats	Barley
Minneapolis.....	8,484	116	10,237	5,143
Duluth.....	4,371	39	8,690	2,713
Sioux City, Iowa.....	164	121	326	19
Milwaukee.....	714	48	524	1,136
Omaha and Council Bluffs.....	2,534	919	4,006	599
Hutchinson.....	408	.....	.....	.....
Lincoln, Neb.....	340	20	.....	.....
Wichita.....	381	3	3	.....
Kansas City.....	8,624	374	1,941	173
St. Joseph.....	551	425	480	37
Chicago.....	3,562	1,773	6,633	873
Peoria.....	1	50	.....	.....
Indianapolis.....	748	1,174	246	.....
St. Louis.....	871	818	332	28
Louisville.....	2,155	85	93	3
Chattanooga.....	85	45	.....	.....
Nashville.....	165	90	230	.....
New Orleans.....	3	47	26	1
Galveston.....	330	1	.....	.....
Fort Worth, Tex.....	607	250	158	12
Dallas, Tex.....	524	.....	.....	.....
On Lakes.....	236	861	.....	.....
On Canal.....	.....	.....	.....	.....
Detroit.....	170	8	5	60
Erie, Pa.....	.....	.....	.....	2
Cleveland.....	104	.....	.....	.....
Mansfield.....	255	300	185	.....
Dayton.....	9	7	8	5
Cincinnati.....	124	75	75	26
Buffalo.....	4,365	609	956	1,045
Boston.....	2	.....	1	.....
Providence, R. I.....	2	16	18	2
New York.....	49	267	241	21
Philadelphia.....	279	38	46	3
Baltimore.....	115	29	15	3
Newport News.....	.....	.....	.....	.....
Norfolk.....	50	5	18	.....

May 2, 1936..... 41,482 8,673 35,493 11,894
Apr. 25, 1936..... 43,147 8,206 36,310 12,077
May 4, 1935..... 40,452 15,634 11,508 7,104

Canadian Grain Stocks

The available grain stocks in Canada May 2, 1936, follow, with comparisons:

(Last three 000 omitted)

	Wheat	Corn	Oats	Barley
Montreal.....	8,221	.....	294	508
Churchill.....	2,281	.....	.....	.....
Country Elevators.....	59,585	.....	5,170	2,938
Int. Term. Elevators.....	2,188	.....	675	372
Int. Private & Mfg. Elevators.....	6,070	.....	1,079	1,386
Ft. William and Pt. Arthur.....	53,628	.....	2,401	3,316
Canadian Afloat.....	543	.....	.....	.....
Victoria.....	.....	.....	.....	.....
Vancouver.....	11,272	.....	677	12
Prince Rupert.....	1,028	.....	.....	.....
Bonded grain in the United States.....	11,888	.....	80	.....
Other Canadian.....	32,546	.....	497	403

May 2, 1936..... 189,250 10,873 8,935
Apr. 25, 1936..... 194,422 11,509 9,166
May 4, 1935..... 213,514 11,570 8,379

The Montreal, Fort William and Port Arthur and bonded grain totals are furnished by the New York Produce Exchange and Chicago Board of Trade. The other Canadian totals are telegraphed to DUN & BRADSTREET, INC., by the Agricultural Branch of the Dominion Bureau of Statistics of Ottawa.

Pacific Coast Wheat Stocks

	May 2, 1936	Apr. 25, 1936
Portland, Ore.....	2,505,000	2,636,000
Tacoma, Wash.....	955,000	843,000
Seattle, Wash.....	1,123,000	1,125,000
Total.....	4,583,000	4,604,000

COMMERCE AND FINANCE

FINANCIAL STATISTICS

	Apr. 1936	Apr. 1935	Ch'ge P. Ct.	Mar. 1936	Ch'ge P. Ct.
Bank clearings, N. Y. City (\$)	16,203,421	15,465,200+	4.8	18,471,635	12.3
Bank debits, N. Y. City (\$)	17,285,378	15,904,760+	8.7	19,629,156	11.9
Bank debits, U. S. (\$)	34,782,463	31,549,513+	10.2	37,496,528	7.2
Bond sales, Munic. (\$)	105,883,057	159,222,854-	33.8	116,793,722	9.8
Bond sales, N. Y. Curb Exchange (\$)	62,593,000	108,278,000-	42.2	77,893,000-	19.6
Bond sales, N. Y. Stock Exchange (\$)	235,664,800	267,544,100-	11.9	285,429,900-	17.4
Corporate issues † (\$)	783,510,261	277,124,000+	182.7	331,822,249+	136.1
Failures, number †	830	1,083	23.4	946	12.3
Failures, liabilities † (\$)	14,157,289	16,529,000-	12.0	16,271,000-	10.6
Stock sales, N. Y. Curb Exchange (shares)	10,155,565	4,389,568+	131.4	14,298,230-	29.0
Stock sales, N. Y. Stock Exchange (shares)	39,616,438	22,408,195+	76.8	51,025,148-	22.4

	Mar. 1936	Mar. 1935	Ch'ge P. Ct.	Feb. 1936	Ch'ge P. Ct.
Automobile financing, retail (\$)	87,169,493	66,418,983+	31.2	88,648,793-	1.7
Auto. financing, wholesale (\$)	113,830,495	106,054,455+	7.3	118,872,106-	4.2
Fire losses (\$)	29,177,406	24,942,703+	17.0	30,909,896-	5.6
Foreign Trade, U. S. Mide. Exports (\$)	195,336,000	185,026,000+	5.6	181,838,000+	7.4
Foreign Trade, U. S. Mide. Imports (\$)	200,295,000	177,356,000+	12.9	192,776,000+	3.9
Life insurance, sales (\$)	775,982,000	768,491,000+	1.0	665,140,000+	16.7
Ry. earnings, gross (\$)	308,303,721	280,890,307+	9.8	300,458,829+	2.6
Ry. earnings, net oper. income (\$)	35,205,513	38,129,871-	7.7	33,594,718+	4.8

* Three cyphers omitted. † Dun & Bradstreet, Inc. ‡ Journal of Commerce.
§ February and corresponding months.

PRODUCTION

	Apr. 1936	Apr. 1935	Ch'ge P. Ct.	Mar. 1936	Ch'ge P. Ct.
Building† (215 cities) (\$)	83,903,095	51,717,570+	62.2	78,072,223+	7.5
Coal, anthracite (tons)	4,360,000	4,806,000-	9.3	2,730,000+	59.7
Coal, bituminous (tons)	30,350,000	21,970,000+	38.1	31,233,000-	2.8
Flour (bbls.)	4,992,363	5,026,340-	0.7	5,356,455-	6.8
Pig iron (tons)	2,403,683	1,663,475+	44.5	2,040,311+	17.8
Steel ingot (tons)	3,942,254	2,640,602+	49.3	3,342,619+	17.9
Zinc (tons)	43,252	35,329+	22.4	42,483+	1.8
	Mar. 1936	Mar. 1935	Ch'ge P. Ct.	Feb. 1936	Ch'ge P. Ct.
Automobile (cars and trucks)	424,571	429,793-	1.2	290,964+	45.9
Shoes (pairs)	33,595,671	34,228,167-	1.8	32,142,450+	4.5
Rabbit metal (lbs.)	2,064,475	1,789,016+	15.4	2,012,721+	2.6
Cement (bbls.)	5,263,000	4,299,000+	22.4	3,454,000+	52.4
Coke (tons)	3,366,665	3,012,692+	11.7	3,293,542+	2.2
Const. contr. awarded (37 States) † (\$)	199,028,300	122,940,500+	61.9	142,050,200+	40.1
Cotton mill spin. hours*	7,263,927	6,662,550+	9.0	6,736,374+	7.8
Electricity, k. w. h.*	8,916,000	8,008,000+	11.3	8,602,000+	3.7
Gasoline (bbls.)	38,764,000	35,314,000+	9.8	37,176,000+	4.3
Glass, pl. pol. (sq. ft.)	16,057,196	16,531,950-	2.9	13,856,937+	15.9
Gold (Rand) (ozs.)	933,000	882,600+	5.8	895,000+	4.2
Lead, refined (tons)	35,150	32,921+	6.8	34,127+	3.0
Malleable castings (tons)	45,378	42,808+	6.0	40,449+	12.2
Newsprint, U. S. & Canada (tons)	320,407	278,985+	14.8	293,430+	9.2
Paperboard (tons)	271,107	251,870+	7.6	270,928+	0.1
Petroleum, crude (bbls.)	90,508,000	81,488,000+	11.1	82,170,000+	10.3
Pneumatic casings	3,637,969	4,345,581-	16.3	3,577,221+	1.7
Range boilers (no.)	64,227	51,891+	23.8	65,658+	2.2
Steel barrels	650,206	523,362+	24.2	512,275+	26.9
Steel castings, commercial (tons)	51,674	31,940+	61.8	47,954+	7.8
Steel sheets (short tons)	207,820	227,082-	8.5	191,359+	8.6
Sulphuric acid (tons)	141,339	141,352-	0.1	152,860-	7.5
Tobacco and products					
Cigarettes, small*	11,093,407	10,199,612+	9.7	10,766,370+	4.0
Cigars, large	377,167,652	351,694,102+	7.2	350,624,625+	5.8
Tobacco and snuff (lbs.)	30,315,229	27,970,483+	8.4	27,918,980+	8.6

* Three cyphers omitted. † Dun & Bradstreet, Inc. ‡ F. W. Dodge Corp.
§ February and corresponding months.

SHIPMENTS AND CONSUMPTION

	Apr. 1936	Apr. 1935	Ch'ge P. Ct.	Mar. 1936	Ch'ge P. Ct.
Silk consumption (bales)	34,564	39,757-	13.1	36,000-	4.0
Steel shipments (tons)	970,907	591,728+	65.6	783,552+	25.1
Tin, deliveries U. S. (long tons)	6,235	5,825+	7.0	5,520+	13.0
Zinc, shipments (tons)	42,311	38,455+	10.0	38,150+	10.9
	Mar. 1936	Mar. 1935	Ch'ge P. Ct.	Feb. 1936	Ch'ge P. Ct.
Anthracite, ship. (tons)	2,429,194	2,555,260-	4.9	5,983,725-	59.1
Rabbit metal, sales (lbs.)	1,611,683	1,254,233+	28.5	1,488,821+	8.3
Carloadings (cars)	2,623,600	2,611,500+	0.5	2,616,800+	0.3
Cement, ship. (bbls.)	7,138,000	4,878,000+	46.3	3,156,000+	126.2
Coal, anth. and bit. ind. cons. (tons)	27,805,000	29,882,000-	7.0	25,089,000+	10.8
Cotton cons. (bales)	548,913	482,373+	13.8	516,649+	6.2
Gasoline cons. (bbls.)	35,871,000	31,997,000+	12.1	27,401,000+	30.9
Lead, refined (tons)	36,743	28,973+	26.8	33,084+	11.1
Malleable castings (tons)	46,663	42,975+	8.6	39,220+	19.0

SHIPMENTS AND CONSUMPTION (Continued)

	Mar. 1936	Mar. 1935	Ch'ge P. Ct.	Feb. 1936	Ch'ge P. Ct.
Newsprint, U. S. & Canada (tons)	313,553	273,065+	14.8	276,660+	13.3
Oil-burners (no.)	8,732	5,689+	53.5	7,095+	23.1
Paints & var., sales (\$)	29,905,545	26,544,245+	12.7	20,154,271+	48.4
Petroleum, crude, run-to-stills (bbls.)	85,286,000	76,630,000+	11.3	81,523,000+	4.6
Pneumatic casings, excl. Range boilers (no.)	3,855,970	4,204,131-	8.3	3,211,040+	20.1
Rubber, ex. cons. (tons)	61,937	49,489+	25.2	62,306+	0.6
Steel barrels	42,703	42,620+	0.2	36,746+	16.2
Steel sheets, ship. (short tons)	648,165	525,022+	23.5	508,974+	27.3
Sulph. acid, cons. (tons)	209,673	233,446-	10.2	175,702+	19.3
Waste paper (consump.) (tons)	106,785	104,041+	2.6	117,864-	9.4
Wool consump., scoured basts (lbs.)	226,216	211,560+	6.9	229,064-	1.2
	30,100,000	27,000,000+	11.5	33,300,000-	9.6

§ February and corresponding months.

STOCKS ON HAND AT END OF MONTH

	Apr. 1936	Apr. 1935	Ch'ge P. Ct.	Mar. 1936	Ch'ge P. Ct.
Silk, raw (bales)	46,098	37,587+	22.6	53,689+	14.1
Tin, world's visible supply (long tons)	13,328	16,614-	19.8	16,074-	17.1
Zinc (tons)	80,782	108,680-	25.7	79,841+	1.2
	Mar. 1936	Mar. 1935	Ch'ge P. Ct.	Feb. 1936	Ch'ge P. Ct.
Cement (bbls.)	21,096,000	21,289,000-	0.9	22,971,000-	8.2
Coal, anth. and bit. ind. stocks (tons)	26,114,000	36,685,000-	28.8	27,851,000-	6.2
Coke, by-product (tons)	1,443,672	2,960,823-	51.2	1,273,814+	13.3
Cotton, ex. lint. (bales)	1,334,394	1,116,018+	19.6	1,404,476-	5.0
In mfg. plants	6,570,182	7,788,346-	15.9	7,247,803-	9.3
In warehouses	45,769,000	40,200,000+	13.9	44,612,000+	2.7
Gasoline at ref. (bbls.)	223,388	228,580-	2.3	225,010-	0.7
Lead, refined (tons)					
Newsprint, U. S. & Canada (tons)	114,217	95,723+	19.3	108,114+	5.6
Oil-burners (no.)	15,090	14,111+	6.9	14,057+	7.3
Petroleum, crude	266,092,000	295,351,000-	9.9	263,436,000+	1.0
Porcelain plumbing fixtures (pieces)	8,962	9,917-	9.6	8,595+	4.3
Pneumatic casings	9,087,020	11,675,968-	22.2	9,264,595-	1.9
Range boilers (no.)	43,582	32,797+	32.1	41,042+	5.6
Rubber, on hand & afloat to U. S. (long tons)	326,454	383,185-	14.8	319,816+	2.1
Steel barrels	38,432	28,953+	33.7	36,391+	5.6
Steel sheets (sh. tons)	141,916	108,260+	31.1	168,572-	15.8
Sulphuric acid (tons)	83,375	101,429-	17.8	93,724-	11.0
Waste paper (tons)	2,390,2	253,795-	7.8	255,777-	8.6

§ February and corresponding months.

GOVERNMENT STATISTICS

	Mar. 31, 1936	Mar. 31, 1935	Feb. 29, 1936
Money in circul., U. S. (\$)	5,876,801,119	5,493,137,741	5,845,959,968
Population	127,732,000	126,085,000	127,670,000
Per capita (\$)	46.01	43.26	45.79
Gen. stock money, U. S. (\$)	16,707,623,585	14,522,785,710	16,641,219,358
	Apr. 30, 1936	Apr. 30, 1935	Mar. 31, 1936
Debt, gross, U. S. (\$)	31,425,440,305	28,668,106,391	31,459,140,278
United States:			
Receipts, ordinary (\$)	230,645,011	227,856,758	751,098,138
Expenditures, ord. (\$)	317,000,192	517,246,359	364,473,578
Expenditures, emerg. (\$)	313,886,974	279,372,556	213,950,389

MONTHLY INDEX NUMBERS

EMPLOYMENT—PAY ROLLS—PRODUCTION (1923-1925 = 100)

	Mar. 1936	Feb. 1936	Jan. 1936	Mar. 1935
Employment (Factory) (BLS)	84.2	83.2	83.0	82.5
Pay Rols (Factory) (BLS)	75.7	72.3	72.2	70.8
Production, Ind. (FRB) adj.	94.0	94.0	98.0	88.0

PRICE INDEX NUMBERS (WHOLESALE)

	Base Year	May 1, 1936	Apr. 1, 1936	Mar. 1, 1936	Same month 1935
DUN'S		\$173.485	\$173.649	\$179.601	\$176.231
BRADSTREET'S		89.8191	89.8541	89.9196	89.7965
U. S. Bureau of Labor †	1926		79.6	80.6	79.4
Germany (Official)	1913	123.9	124.9	126.4	125.8
Canada (Dom. Bureau) †	1926	72.1	72.4	72.5	72.5
		Mar., 1936	Feb., 1936	Jan., 1936	Same month 1935
U. K. (Board of Trade).....	1930	91.7	91.7	91.8	86.9
U. K. (Economist)	1913	97.4	97.4	98.1	90.9
U. K. (Statist)	1913	101.6	102.0	102.0	97.5
France (Stat. Gen.)	1913	371	376	359	335
Germany (Official)	1913	103.8	103.8	103.8	100.7
Belgium	1914	578	582	581	464
Denmark (Official)	1913	139	139	139	132
Norway	1913	118	118	118	115
Sweden	1913	118	118	118	115
Holland	1929	61.7	62.2	62.6	60.8
Japan (Oriental Economist)	1913	179.4	179.5	180.4	176.0
China (Shanghai)	1926	106.3	105.0	104.7	99.9

† Average over previous month.

COTTON GOODS BUYING LIGHT DURING APRIL

by C. S. WOOLSLEY

ONLY one week out of the four in April produced volume buying of cotton goods. Announcement of the intention of a number of important producers of print cloth type goods to cut down production substantially during the Summer months brought on a wave of buying which extended over a period of a week, during which sales were in excess of 250 per cent of production.

It was doubtful, however, if the other three weeks produced sufficient business to bring sales for the month on a parity with output. As the month ended, the number of mills that were reducing operations 20 to 25 per cent was growing, with every indication that the list would include most of the important producers during the months of June, July and August.

Prices Generally Weak

The active buying of the last week of the month, however, resulted in only a few scattered advances. Prices, for the most part, were soft and buying generally was of a hand-to-mouth character. Stocks of mills apparently had accumulated to such an extent that more than a substantial increase in sales was needed to put print cloths on a cost or profitable footing.

Sheetings sold in moderately good volume, against the needs of the various trades. Trading in drills, twills, sateens and osnaburgs was desultory and such sales as were made were in small amounts. Prices were mostly steady, however. Carded broadcloths sold in fair volume for quick delivery.

Finished goods markets were generally quiet and prices on many fabrics showed an easier tendency.

Denims were reduced $\frac{1}{2}$ c. a yard to $12\frac{1}{2}$ c. base for 2.20 yard 28-inch fabrics. Business was light. Chambrays for work shirts were off $\frac{1}{4}$ c. to a basis of $8\frac{3}{4}$ c. for 36-inch 3.90 yard goods. Business in wash goods was subnormal and fractional price reductions were noted in low-end and medium-quality goods.

Finished Goods Reduced

Demand for quality wash goods, however, was fair and prices for the most part were firm. Spring consumption of corduroys to date has been disappointing and Fall commitments have been below last year's. Sheet and pillowcase prices were reduced $2\frac{1}{2}$ per cent on unbranded makes and about 5 per cent on branded lines. Cretonne prices were cut about $\frac{1}{8}$ c. a yard to effect close-out of rather heavy stocks.

Competition was severe in woven tickings, with the result that prices eased off to $14\frac{1}{2}$ c. base for 8-ounce goods. Demand for printed tickings was slow, prices declining to $7\frac{1}{2}$ c. base for 5.50 yard. Prices on cotton towels were firmly maintained and business showed signs of expansion.

Jacquard cotton upholstery fabrics were sold in moderate volume at strong prices to furniture manufacturers who are stepping up production. The bedspread market was seasonally quiet, but some mills booked fairly large contracts on better qualities for Fall delivery. Price-cutting was resorted to by some sellers to secure business on the lower-grade spreads.

Prices on cotton and part-wool blankets were marked up on an average of $2\frac{1}{2}$ per cent, as sales showed definite gains over the previous year. Bleached muslins

were quiet and prices showed a weakening tendency, in sympathy with declines in the gray goods market. Fractional price declines were noted in percales. Scattered orders were placed on 80 squares on the basis of $10\frac{3}{4}$ c. to $11\frac{1}{4}$ c. in jobber put-up. Sales of gingham were limited to small lots to the men's shirts and underwear trade.

Rayon Shipments Sustained

April shipments of rayon yarns held up at an encouraging rate, some producers finding that deliveries during the month were as large as those in March. The fact that the traditional price cut did not come during Knitting Arts Week had a healthy influence upon the market, since the majority of producers are sold through May. Staple goods mills continued to take in yarn in good volume.

Stocks of cloths at these mills at the end of the month were said to be small and little indication was seen of any piling up of merchandise. Not only are mills unwilling to produce any more cloth than the market needs at present prices but the heavy poundage of pigment yarn held back from the market by floods early in the month continues to serve as a brake in any cases where mills might be inclined to step up operations.

Less Silk Consumed

Acetate yarn demand and shipments in April were well ahead of those of the previous month. It is generally believed that sales not only equalled production for the month but also contributed to a reduction of stocks. Sampling of cuprammonium yarns for Fall fabrics was active and shipments against orders were fairly large.

Deliveries of raw silk to American mills in April were reported at approximately 34,564 bales, or 1,436 under the 36,000-bale total for March and 5,193 behind the figure for April, 1935. Imports during the month amounted to 26,973 bales, or 1,964 more than in March and 13,888 less than in April of last year. Stocks in storage at the end of the month stood at 46,098 bales, or 7,591 bales below the figures reported at the end of March and 8,511 bales more than the amount in storage at the close of April, 1935.

As the month ended manufacturers of full-fashioned hosiery sought to stimulate business by cutting prices. In some quarters it was feared that the low point of the market, reached in the first part of 1933, would be approached in May.

Large retailers, such as department and specialty stores, are following the trend of prices made by manufacturers and are offering high quality hosiery at low prices. It would seem that these low prices eventually will start a large consumer buying which would form the best basis for improvement in prices at first hand.

Knit Goods Quiet

Trade in underwear markets was generally quiet. The arrival of

warm weather at the end of the month produced better sentiment and a slight increase in sales. The small amount of underwear being worn by men and women is a matter of concern to this industry. For a time this Spring the fad for gingham shorts proved beneficial to parts of the industry but not of course to the knitting machines. The most active item for knitters has been the brief, knit shorts. These are being shown in more variation than a year ago.

Outerwear markets were slow during the greater part of April, although some mills booked encouraging business for Fall. Manufacturers of women's sweaters have been hard hit this year by the revival in popularity of blouses of silk and other fabrics. This has been a bad blow for those makers of fancy sweaters of different kinds so popular in the Spring of recent years.

Woolen Mills Active

For the next few months the attention of the domestic wool trade will be confined almost exclusively to the merchandising of the new domestic clip which is expected to total about 430,000,000 pounds, of which amount some 60,000,000 pounds of pulled wool will come out of the packing houses. Meanwhile, worsted and woolen mills

continue busy on orders for suitings and overcoatings written four to six weeks ago.

Most mills are resting comfortably on a backlog of unfilled orders which are sufficient to keep machinery operating at a fairly active rate for several months. Unfilled orders for men's wear fabrics are large and demand for women's wear Fall fabrics is increasing. Indications are that the third quarter of the year will show an increase in manufacturing activity over the second quarter.

Sales of clothing for Fall are running 10 to 15 per cent ahead of a year ago and several large makers have sold up their production for the next few months. Garment manufacturers are preparing to show lines for Fall. The new collection will carry price advances of 10 to 15 per cent, corresponding to the advance in wool goods and trimming values.

Floor covering producers during the month cut prices drastically on axminsters. The cuts were followed by heavy purchases and intensive retail promotions of these goods. Prices on better grade carpets and rugs, however, were unchanged during the month, but sales were light. Summer rugs continued to move actively at retail with grass rugs as low as \$7 and Indian druggets a feature.

DAILY SPOT MIDDLING COTTON PRICES AT LEADING CENTERS DURING APRIL, 1936

(Cents Per Pound)

	Wed. Apr. 1	Thurs. Apr. 2	Fri. Apr. 3	Sat. Apr. 4	Mon. Apr. 6	Tues. Apr. 7	Wed. Apr. 8	Thurs. Apr. 9	Fri. Apr. 10	Sat. Apr. 11	Mon. Apr. 13	Tues. Apr. 14	Wed. Apr. 15
New Orleans	11.71	11.73	11.70	11.62	11.61	11.70	11.64	11.61	*.....	*.....	11.66	11.58	11.63
New York	11.56	11.69	11.62	11.60	11.56	11.64	11.70	11.69	.....	.....	11.75	11.74	11.72
Savannah	11.66	11.79	11.72	11.70	11.67	11.75	11.80	11.80	.....	.....	11.85	11.84	11.87
Galveston	11.48	11.61	11.51	11.49	11.45	11.50	11.55	11.50	.....	.....	11.55	11.50	11.55
Memphis	11.40	11.45	11.35	11.35	11.30	11.40	11.45	11.45	.....	.....	11.50	11.25	11.35
Norfolk	11.80	11.95	11.95	11.90	11.85	11.95	12.00	12.00	.....	.....	12.05	12.00	12.05
Augusta	11.80	11.99	11.93	11.90	11.86	11.94	12.00	11.99	.....	.....	12.05	12.04	12.07
Houston	11.57	11.69	11.54	11.52	11.49	11.57	11.62	11.62	.....	.....	11.65	11.55	11.60
Little Rock	11.31	11.44	11.37	11.25	11.22	11.30	11.35	11.34	.....	.....	11.40	11.39	11.38
Fort Worth	11.07	11.19	11.13	11.10	11.06	11.14	11.20	11.19	.....	.....	11.25	11.19	11.22
Dallas	11.07	11.19	11.13	11.10	11.06	11.14	11.20	11.19	.....	.....	11.25	11.19	11.22
	Thurs. Apr. 16	Fri. Apr. 17	Sat. Apr. 18	Mon. Apr. 20	Tues. Apr. 21	Wed. Apr. 22	Thurs. Apr. 23	Fri. Apr. 24	Sat. Apr. 25	Mon. Apr. 27	Tues. Apr. 28	Wed. Apr. 29	Thurs. Apr. 30
New Orleans	11.53	11.55	11.62	11.56	11.64	11.70	11.72	11.65	11.60	11.45	11.42	11.35	11.38
New York	11.73	11.74	11.81	11.77	11.79	11.85	11.88	11.80	11.83	11.77	11.69	11.60	11.55
Savannah	11.88	11.90	11.96	11.77	11.79	11.84	11.87	11.76	11.69	*.....	11.59	11.54	11.54
Galveston	11.53	11.53	11.58	11.58	*.....	11.62	11.65	11.60	11.60	11.50	11.45	11.40	11.35
Memphis	11.30	11.35	11.40	11.35	11.45	11.50	11.35	11.35	11.30	11.25	11.20	11.15	11.15
Norfolk	12.05	12.10	12.10	12.05	12.10	12.10	12.00	12.00	11.90	11.85	11.75	11.65	11.65
Augusta	12.08	12.10	12.14	12.02	11.99	12.04	12.02	11.90	11.84	11.78	11.74	11.69	11.69
Houston	11.60	11.62	11.62	11.55	*.....	11.65	11.65	11.60	11.55	11.49	11.44	11.39	11.39
Little Rock	11.26	11.30	11.29	11.27	11.34	11.39	11.42	11.26	11.19	11.13	11.09	11.04	11.04
Fort Worth	11.16	11.17	11.24	11.17	*.....	11.29	11.32	11.25	11.19	11.13	11.09	11.04	11.04
Dallas	11.16	11.17	11.24	11.17	*.....	11.29	11.32	11.25	11.19	11.13	11.09	11.04	11.04

* Holiday.

INTERNATIONAL MONEY MARKETS

DISCONCERTING monetary developments again were the rule in the international sphere during April. The French franc, as the chief circulating unit still on a genuine gold standard, was under almost continual pressure in the exchange markets, and gold losses on a considerable scale were noted in the weekly reports of the Bank of France. National elections on April 26 and May 3 disclosed a decided trend toward radicalism in France, and fresh uncertainty thus was occasioned as to French adherence to gold.

Adding somewhat to the confusion was a virtual defection by Poland from the nominal gold bloc of Europe. A Government decree, issued at Warsaw on April 27, placed an embargo on gold exports from Poland and restricted dealings in foreign exchange. This meant, in effect, that Poland joined the many countries with "floating" currency units, even though assurances were given that devaluation of the zloty is not contemplated, while foreign obligations will continue to be met in full.

Heavy losses of gold by the Bank of Poland and runs on the banks of the country precipitated the measures. Monetary authorities believe Poland will maintain the external value of the zloty, while adopting expedients similar to those placed in effect in Germany, Italy and elsewhere with regard to the internal levels. Prospects with regard to the German mark and the Italian lira were not encouraging, but the stringent exchange controls of those countries remained fully effective.

Dollar Demand Strong

A dispute occurred in Germany between Dr. Hjalmar Schacht, Minister of Economics, and General Hermann Goering, chief lieutenant of Chancellor Hitler, regarding control of German economic policies. It was announced in Berlin on April 27 that General Goering had been given full authority to determine questions relating to raw materials and foreign exchange, and Dr. Schacht promptly contested the ruling.

Italy continued to lose gold from

her slim stocks, despite the victories achieved in rapid succession at the front in Ethiopia. Economic experts of the League of Nations issued estimates indicating that half the gold stocks of the Italian central banks had been sacrificed on the altar of the war god by the end of March. It was indicated also that the Italian economy was affected sharply by the sanctions which most member States of the League of Nations placed in effect against Italy on November 18, 1935.

The chief monetary concern of the markets naturally centered around the few remaining gold units, and principally around France, since any further devaluation by the French authorities probably would carry the Netherlands guilder and the Swiss franc down as well. The outward flow of gold from France that started in March was accentuated in April. The stocks remained large, however, and ample for the backing of the currency, so that any further measures toward currency depreciation doubtless would be taken in response to internal political pressure.

Results of the French election were gauged with such factors in mind. As a consequence of the successive ballots cast under the French system, large gains were made by the more extreme radical parties, that will easily be able to control the next Chamber of Deputies if they can compose their own differences. There were rumors late in April that a strongly Left Chamber might propose nationalization of banks and certain essential industries, and a capital flight of large proportions set in, with England the chief goal of the expatriated funds, while the New York market also attracted sizable amounts. The Paris Bourse suffered sharp waves of liquidation.

GOLD RESERVES OF CENTRAL BANKS

(Figures are in millions of dollars; the valuation ratio is: One ounce = \$35.00)

End of	England	France	Holland	Switzerland	Japan	Italy	Russia	Germany	United States
1914.....	721	1,375	...	...	108	455	1,509	843	2,042
1920.....	1,277	1,160	433	178	941	345	...	440	4,150
1925.....	1,177	1,204	301	152	975	371	159	488	6,748
1930.....	1,216	3,556	290	234	698	472	422	894	7,154
1931.....	996	4,570	605	767	396	501	555	396	6,859
1932.....	987	5,510	703	808	359	520	623	325	6,848
1933.....	1,572	5,112	627	653	359	632	704	156	6,793
1934.....	1,584	5,445	573	624	394	518	744	32	8,238
1935									
Jan.....	1,586	5,438	555	600	395	519	744	32	8,391
Feb.....	1,586	5,439	552	586	397	519	744	32	8,527
Mar.....	1,586	5,479	553	560	398	519	748	33	8,567
Apr.....	1,587	5,366	439	446	400	519	748	33	8,710
May.....	1,587	4,759	440	390	403	519	748	33	8,858
June.....	1,588	4,708	427	391	407	498	748	35	9,116
July.....	1,588	4,726	380	421	410	468	748	38	9,144
Aug.....	1,593	4,756	402	446	413	419	748	38	9,203
Sept.....	1,595	4,770	365	448	416	379	839	38	9,368
Oct.....	1,604	4,773	401	453	418	351	839	35	9,693
Nov.....	1,628	4,368	427	455	422	351	839	36	9,920
Dec.....	1,648	4,395	438	454	425	270	839	33	10,125
1936									
Jan.....	1,652	4,324	455	454	428	270	839	31	10,182
Feb.....	1,653	4,362	463	472	431	270	839	29	10,167
Mar.....	1,653	4,348	486	493	...	...	839	29	10,184

Largely because of the uncertain aspects of the French situation, steady demand was apparent for the United States dollar. The gold that was engaged so extensively in Paris began to arrive in New York at the end of April. But the main French gold loss was to the London market, and it seems that the British Exchange Equalization Fund absorbed a good deal of the metal.

The reason for the diversion of French funds to the English markets on a larger scale than to the United States was quite obvious. Chancellor of the Exchequer

Neville Chamberlain made the annual British budget presentation before the House of Commons on April 21, and rigid adherence to a balance between income and expenditures again was the cornerstone of the financial program. In the United States, on the other hand, Secretary of the Treasury Henry Morgenthau, Jr., estimated in hearings on new corporate tax plans that the budget deficit for the current fiscal year will be very nearly \$6,000,000,000.

Monetary conditions within the United States remained materially unchanged during April. The

Treasury utilized its free funds on a large scale to meet current needs, and a corresponding increase took place in member bank deposits, which showed an excess over legal requirements at the month-end of \$2,690,000,000, against \$2,310,000,000 after completion of the March financing. The debate regarding the potential dangers of this vast accumulation of idle funds quieted down. The financial markets engaged in refinancing operations on a tremendous scale, for purposes of reducing fixed charges, and almost \$900,000,000 in new bond issues were offered.

DAILY CLOSING QUOTATIONS OF FOREIGN EXCHANGE (BANKERS' BILLS) IN THE NEW YORK MARKET DURING APRIL, 1936

Country and Par	Wed. Apr. 1	Thurs. Apr. 2	Fri. Apr. 3	Sat. Apr. 4	Mon. Apr. 5	Tues. Apr. 6	Wed. Apr. 7	Thurs. Apr. 8	Fri. Apr. 9	Sat. Apr. 10	Mon. Apr. 11	Tues. Apr. 12	Wed. Apr. 13	Thurs. Apr. 14	Fri. Apr. 15
England, checks (Pound \$8.2397)	4.95½	4.95½	4.95½	4.95½	4.95½	4.95½	4.95½	4.94½	4.94½	4.94½	4.94½	4.94½	4.94½	4.94½	4.94½
England, cables (Pound \$8.2397)	4.95½	4.95½	4.95½	4.95½	4.95½	4.95½	4.95½	4.94½	4.94½	4.94½	4.94½	4.94½	4.94½	4.94½	4.94½
France, checks (Franc 6.6335c)	6.60½	6.59½	6.58½	6.59½	6.59½	6.59½	6.59½	6.58½	6.58½	6.58½	6.58½	6.58½	6.58½	6.59½	6.59½
France, cables (Franc 6.6335c)	6.60½	6.59½	6.59½	6.59½	6.59½	6.60½	6.59½	6.59½	6.59½	6.59½	6.59½	6.59½	6.59½	6.59½	6.59½
Germany, checks (Mark 40.33c)	40.34	40.29	40.25	40.28	40.25	40.29	40.27	40.24	40.26	40.26	40.26	40.27	40.28	40.27	40.27
Germany, cables (Mark 40.33c)	40.36	40.31	40.27	40.30	40.27	40.31	40.29	40.26	40.28	40.26	40.27	40.28	40.28	40.27	40.27
Belgium, checks (Belga 16.95c)	16.95½	16.93	16.92	16.92	16.92½	16.94½	16.93	16.92½	16.93	16.92½	16.93	16.92½	16.92	16.92½	16.92½
Belgium, cables (Belga 16.95c)	16.96	16.93½	16.92½	16.92½	16.93	16.95	16.93½	16.93	16.93½	16.92½	16.93	16.92½	16.93	16.92½	16.93
Holland, checks (Guilder 68.056c)	68.03	67.96	67.87	67.89	67.91	67.99	67.91	67.88	67.91	67.88	67.89	67.90	67.90	67.89	67.89
Holland, cables (Guilder 68.056c)	68.07	68.00	67.91	67.93	67.95	68.03	67.95	67.92	67.95	67.92	67.95	67.92	67.94	67.93	67.93
Czechoslovakia, checks (Crown 4.18c)	4.14½	4.13½	4.13½	4.13½	4.13½	4.14½	4.14	4.13½	4.13½	4.13½	4.13½	4.13½	4.13½	4.13½	4.13½
Czechoslovakia, cables (Crown 4.18c)	4.14½	4.14	4.14	4.14	4.14	4.14½	4.14	4.14	4.14	4.14	4.14	4.14	4.14	4.14	4.14
Switzerland, checks (Franc 32.67c)	32.64½	32.62½	32.60½	32.60	32.59	32.61½	32.59½	32.59½	32.60	32.58½	32.60½	32.61	32.60½	32.61	32.60½
Switzerland, cables (Franc 32.67c)	32.65	32.63	32.61	32.60½	32.59½	32.62	32.60	32.60	32.60	32.58½	32.59	32.61	32.61½	32.61	32.61
Italy, checks (Lira 8.911c)	7.92½	7.92½	7.92½	7.92½	7.92½	7.92½	7.92½	7.92½	7.92½	7.92½	7.91½	7.91½	7.91½	7.91½	7.90½
Italy, cables (Lira 8.911c)	7.93	7.93	7.93	7.93	7.93	7.93	7.93	7.93	7.93	7.93	7.92	7.92	7.91½	7.91	7.91
Spain, checks (Peseta 32.67c)	13.68	13.66	13.66	13.65	13.65½	13.66½	13.66	13.65½	13.65	13.65	13.65	13.65	13.65½	13.65	13.65
Spain, cables (Peseta 32.67c)	13.69	13.67	13.66	13.66	13.66½	13.67½	13.67	13.66½	13.66	13.66	13.66	13.66	13.66½	13.66	13.66
Portugal, checks (Escudo 7.483c)	4.52	4.52	4.52½	4.52½	4.52½	4.52½	4.52	4.52	4.52	4.52	4.52	4.52	4.52	4.52	4.52
Portugal, cables (Escudo 7.483c)	4.53	4.53	4.52½	4.52½	4.52½	4.52½	4.52	4.52	4.52	4.52	4.52	4.52	4.52	4.52	4.52
Denmark, checks (Krone 45.374c)	22.16	22.13	22.12	22.12	22.10	22.12	22.06½	22.05½	22.06	22.05½	22.05½	22.05½	22.05½	22.05	22.06
Denmark, cables (Krone 45.374c)	22.17	22.14	22.13	22.13	22.11	22.11	22.07½	22.06½	22.07	22.06½	22.06½	22.06½	22.06½	22.06	22.07
Sweden, checks (Krona 45.374c)	25.59	25.56	25.55	25.55	25.52	25.52	25.48½	25.47½	25.48	25.47½	25.47½	25.47½	25.47½	25.46	25.47
Sweden, cables (Krona 45.374c)	25.60	25.57	25.56	25.56	25.53	25.53	25.49½	25.48½	25.49	25.48½	25.48½	25.48½	25.47½	25.48	25.48
Norway, checks (Krone 45.374c)	24.94	24.91	24.90	24.90	24.88	24.87	24.84	24.83	24.83	24.83	24.83	24.83	24.83	24.83	24.83
Norway, cables (Krone 45.374c)	24.95	24.92	24.91	24.91	24.89	24.88	24.85	24.83½	24.84	24.84	24.84	24.84	24.83½	24.84	24.84
Greece, checks (Drachma 2.197c)	.94½	.94½	.94½	.94½	.94½	.94½	.94	.93½	.93½	.93½	.94	.94	.94½	.94½	.94½
Greece, cables (Drachma 2.197c)	.94½	.94½	.94½	.94½	.94½	.94½	.94	.93½	.93½	.93½	.94	.94	.94½	.94½	.94½
Australia, checks (Pound \$8.2397)	3.96½	3.96½	3.96½	3.96	3.95	3.95½	3.95½	3.95½	3.95½	3.95½	3.95½	3.95½	3.95½	3.95½	3.95½
Australia, cables (Pound \$8.2397)	3.97	3.96½	3.96½	3.96½	3.96½	3.96½	3.96	3.95½	3.95½	3.95½	3.95½	3.95½	3.95½	3.95½	3.95½
Montreal, demand (Dollar \$1.6931)	99.89	99.66	99.65	99.62½	99.59	99.56	99.56	99.56	99.56	99.53	99.50	99.44	99.38	99.38	99.38
Argentina, demand (Paper peso 71.87c)	33.10	33.04	33.05	33.05	33.00	33.00	32.96	32.96	32.96	32.96	32.96	32.96	32.93	32.93	32.93
Brazil, demand (Paper milreis 20.25c)	8.59	8.59	8.59	8.59	8.59	8.59	8.59	8.59	8.59	8.59	8.59	8.59	8.59	8.59	8.59
Chile, demand (Gold peso 5.19c)	5.17	5.17	5.17	5.17	5.17	5.17	5.17	5.17	5.17	5.17	5.17	5.17	5.17	5.17	5.17
Mexico, demand (Silver peso 34.398c)	27.80	27.80	27.80	27.80	27.80	27.80	27.80	27.80	27.80	27.80	27.80	27.80	27.80	27.80	27.80
Uruguay, demand (Gold peso \$1.751)	46.75	46.75	46.75	46.75	46.75	46.75	46.75	46.75	46.75	46.75	46.75	46.75	46.75	46.75	46.75

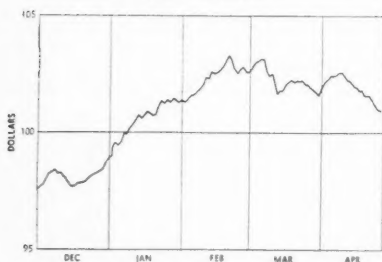
* Nominal Quotations. ‡ Free.

DECLINE IN STOCK MARKET SHARPEST SINCE JULY, 1935

by GEORGE RAMBLES

AFTER advancing more or less steadily for more than a year, the New York stock market reflected a decided and general recession during almost all of April. The downward movement put an end, for the time being at least, to the bull market that started in March, 1935. It lowered levels perceptibly, but the recessions remain small, when contrasted with the large gains recorded throughout the preceding twelve months.

BOND PRICES *



(*) Based on statistics compiled by Dow, Jones & Co., publishers of "The Wall Street Journal." U. S. Government and high-grade corporate issues were well maintained in April, but prices of speculative bonds of all descriptions receded sharply.

Market observers advanced many reasons for the April decline, and that fact in itself indicates that a variety of factors influenced the trend. It is obvious that the protracted advance of a bull market, lasting more than twelve months, would induce some profit-taking in almost any circumstances. Early in April such profit-taking liquidation was readily identified, but it proceeded quietly and affected the market slowly and moderately.

In the second half of April the decline assumed precipitous proportions, possibly because various national and international uncertainties added to the realization sales and perhaps stimulated these to a degree. The issuance of Regulation U by the Federal Reserve Board, which in effect makes

necessary higher margins on speculative holdings of securities, doubtless caused some precautionary liquidation. Concern also was caused by the bad European diplomatic weather, resulting from the German Rhineland occupation and the Italian gains in the Ethiopian war. Neither were the results of the French elections nor the Polish relinquishment of the gold standard encouraging.

The market plainly was in a mood, however, to accentuate the unfavorable developments, while paying relatively little heed to constructive incidents. Excellent gains were recorded in the main industrial indices, such as the rate of steel-ingot production, carloadings, consumption of electrical energy, and automobile output.

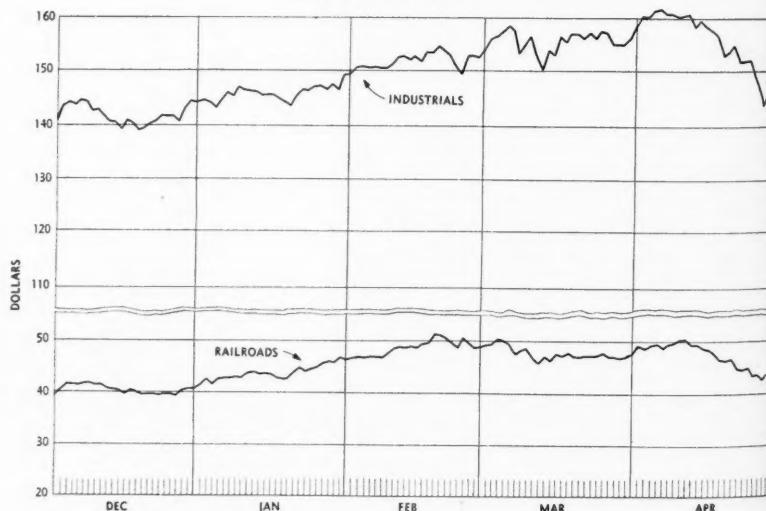
Highest-priced issues and those which were quoted most out of line with actual earnings dropped most sharply. Early on April 30 the lowest levels of the current year were recorded by most of the

prominent average compilations.

The listed bond market followed an uncertain course, with United States Government and well-rated corporate securities maintained throughout, while speculative obligations of all descriptions receded sharply. Polish bonds were exceptionally weak, owing to the issuance of a decree embargoing gold exports and placing restrictions on foreign exchange dealings. New bond issues were brought out in exceptionally heavy volume, and demand was good, despite the uncertainty elsewhere in the markets.

Trading in equities on the New York Stock Exchange amounted to 39,616,000 shares in April, as compared to 51,025,000 shares in March and 22,408,000 shares in April, 1935. Volume of trading was the smallest for any month since last September, but exceeded April totals back to 1933. Listed bond dealings aggregated \$235,000,000 par value, against \$267,000,000 in the same month of last year.

STOCK PRICES *



(*) Based on statistics compiled by Dow, Jones & Co., publishers of "The Wall Street Journal." For the first month in over a year the average value for each listed share declined, dropping to \$35.74 on May 1 from \$38.85 on April 1, representing the widest loss recorded for any month since July, 1934.

FEDERAL TRADE COMMISSION DECISION IN THE GOODYEAR CASE

continued from page 13

ensued the briskest kind of struggle to determine whether these losses should be charged to Goodyear's dealer business or to a venture in its own right. The verdict would obviously shift the net amount of discrimination several percentage points one way or another. The respondent argued in effect that it established these stores because they appealed to it as a good way of holding and expanding its business, and were an integrated part of its general enterprise. The Commission's attorneys argued that Goodyear was forced into the stores business by Sears-Roebuck competition and that the cost of operating them could not therefore be charged to the dealers.

The superficial facts in the case were that 40 per cent of the business of these stores was wholesale in the sense of servicing dealers, 45 per cent was commercial, and 15 per cent was with individual consumers.

The Goodyear argument ran as follows: Goodyear's company-owned store activities were necessarily incidental to the conduct of its dealer business on a national scale. To begin with, 40 per cent of the company's store business was wholesaling. Furthermore, both Goodyear and its dealers were dependent upon the public preference for Goodyear tires. Stores were opened to defend this public preference where Goodyear was unable to secure satisfactory dealer representation or where dealers went out of business or dropped the line. Some were established to round out Goodyear distribution in a particular metropolitan area.

These stores were also expected to supplement the facilities of dealers so that the latter could handle sales to corporations owning large fleets of automobiles. Prices to these accounts had from 1926 to 1929 run from 10 per cent to 25 per cent lower than those to

individual customers. After 1929 this differential was substantially widened by periodical price wars that swept through the commercial field in every year from 1930 to 1933. Furthermore, dealing with this type of account required facilities for solicitation and service that only a large dealer could supply. Goodyear felt that the concentration of this business in the hands of a few large dealers made its representation increasingly precarious, considering the importance of the business involved. With increasing frequency, therefore, as a dealer was lost for one reason or another, company-owned retail outlets were established.

For these reasons, and inasmuch as only 15 per cent of the business done by these stores was directly with private consumers, the respondent's officers maintained that in but few cases could Sears' competition have had any effect upon Goodyear's decision to open particular stores.

Another consideration that becomes important at this point is that other tire manufacturers likewise opened their own retail stores. Did they do it because it was good business on its own account, or because Sears' competition made it necessary for them to move closer to the market and to their dealers, irrespective of costs and losses? According to Goodyear, testimony on this point differed. The Dunlop Company was claimed to have adopted this policy because the Sears-Roebuck and Montgomery Ward systems of retail stores, rendering a minimum of service, appealed to them as sound. Firestone had testified that its stores had been opened primarily to meet Sears' competition and secondarily that of Montgomery Ward. Goodyear protested that only about 40 per cent of Firestone's retail stores were opened in communities where Sears then had a retail store, and that Firestone itself had made a

determined effort in 1930 to secure Montgomery Ward's entire business. The testimony of other witnesses was discounted by the respondent on the ground that their operations in the retail store field were not substantial and that they were not qualified to speak as to the reasons prompting other companies.

Nevertheless, a considerable volume of testimony was put in the record by both manufacturers and dealers to the effect that the expansion of manufacturer-owned stores in the tire business was primarily a consequence of the new competition supplied by Sears-Roebuck. The Commission appears to have concluded that the weight of testimony lay in favor of this view and to have accordingly excluded from expenses chargeable to dealer business such expenses as were incurred in connection with Goodyear stores.

Bus and Taxi Mileage Business

Since 1924 Goodyear has merchandised a substantial number of tires in the conduct of what is known as bus and taxi mileage business. This business consists of renting tires at a flat rate per mile to companies operating buses or taxicabs. Business amounting to \$22,800,000 was done by Goodyear in this field (about 3½ per cent of total Goodyear brand renewal business) from 1926 to 1933, and resulted in a net loss of nearly \$1,000,000.

The propriety of including these items in the Goodyear dealer profit and loss statement involved much the same considerations as appeared in the case of the losses suffered by company-owned stores. Goodyear maintained that the difficulty both of service and price had made it impossible in many instances for dealers to care for business of this nature. Furthermore, consolidations of small bus and taxi operators had driven prices so low that Goodyear dealers could not profitably take it. It was alleged therefore that the dealers themselves normally requested Goodyear to take the busi-

ness directly in order to retain for the dealer the benefit of having Goodyear brand tires on the vehicles rather than those of competitors.

The Commission evidently considered, however, that the business was sufficiently distinct in nature to warrant exclusion of expenses and losses incurred in it from dealer calculations.

The \$1,250,000 Stock Transfer

It will be recalled that Goodyear assigned 18,000 shares of its Common Treasury Stock to Sears and paid Sears \$800,000 for the purchase of 32,000 additional shares as a consideration in securing the third contract on October 5, 1931. The amount of additional discrimination that this payment involved depends of course upon the manner in which it was charged. The Trial Examiner held that the entire amount should be written off to expense in the year of payment, on the reasoning that it was paid for the securing of the contract and that the securing was completed at the time of signing. Goodyear replied that the real relation of this sum was to the profits expected from the ten-year operation stipulated by the contract, and that it should be spread accordingly. Otherwise, the effect would be to inflate future profits from the Sears' contract and decrease past profits, thus making the discrimination in the period under review correspondingly exaggerated. They pointed out that the Bureau of Internal Revenue permitted a deduction of this item at a rate fixed at one-tenth per year and that this treatment accorded with sound accounting practices.

The Commission's final disposition of this matter was to allocate one-tenth of the \$1,250,000 involved in each of the years 1932 and 1933, as urged by the respondent.

The Commission was particularly concerned with the secrecy which seems to have surrounded this deal. The existence of the bonus agreement was concealed, according to its statement, not only

from the trade but also from investigators of the Commission itself at the time of the preliminary investigation; nor was it disclosed to stockholders or sales officials of the respondent. No reference to it was found by the Commission in any annual or semi-annual report to stockholders. In reply, Goodyear attorneys simply stated that whatever concealment had existed had been for the purpose of preventing disclosure to competitors.

The Commission took the position that the Clayton Act did not contemplate that a discriminatory price made on account of quantity could be a secret price, and that on the contrary it contemplated a price open to all of the seller's customers who might desire to purchase a similar quantity at like prices on like terms.

The Issue of Quality

Goodyear conceded for the purposes of the case that corresponding grades of Goodyear and Sears-Roebuck tires, such as the All-Weather and the Allstate, the Pathfinder and the Companion, could be considered as comparable in quality. During the course of the testimony there was considerable quibbling as to whether differences might not actually exist in favor of one product over the other, but they had no effect on the final outcome.

Single vs. Cumulative Shipments

At one point in the proceedings, the Examiner emphasized the absence of testimony showing single shipments to Sears to be larger or cheaper to make than corresponding single shipments to dealers. In making this point he was of course attacking Goodyear's basic position that the latter's price concessions to Sears was on account of quantity. Goodyear declared this conclusion to be based upon a clear error of law, in that it would completely outlaw cumulative discounts made independently of the timing of shipments. As in this case Sears paid shipping costs in addition to production costs, the comparison of the size of single

shipments to Sears and to Goodyear dealers was held by Goodyear to be wholly irrelevant. This point, however, does not seem to have played much of a part in the final decision.

Intangible Benefits of Quantity

The foregoing conflicts have dealt with values that in good part at least were measurable. At this point, however, Goodyear's attorneys slipped away from material considerations and tilted the whole plane of discussion by dwelling upon the incalculable benefits to a manufacturer of quantity business as such without relation to finite accounting categories. It was good because of itself, because of the better balance and health with which it imbued the whole business.

This qualitative plea was preceded by inquiry into the meaning and purpose of Section 2 of the Clayton Act, which the respondent evidently found to provide for discounts not merely corresponding to savings in the costs of selling and transportation, but distilled so to speak out of spiritual nature of quantity *per se*. This might be an argument that the law endowed volume with essential as well as material grace. Congressional debates at the time of passage of the Clayton Act were quoted in an effort to show that Section 2 was intended to leave undisturbed the right of the seller, acting in good faith on his belief in the value to him of a large customer, to give to that customer such recognition by way of price concession as he deemed reasonable.

The course that Sears followed was defended as clear, business-like and free of improper motives. In 1925 and 1926, it learned that its tire volume was one-half of that of its principal rival Montgomery Ward. It therefore determined to rejuvenate its tire department, replace its inferior tire with a good one, expand its advertising and sales efforts, and build for itself the position in this trade that it held in many other lines. Its judg-

ment was vindicated. As a result of these efforts both supplier and distributor profited. Goodyear secured an ultra-desirable new customer, and made a net profit of more than \$6,000,000, while the new customer absorbed its fixed overhead expenses to the extent of nearly \$8,000,000 and absorbed its losses due to price declines of raw materials to the extent of over \$4,000,000. The Sears business provided Goodyear with an anchor to windward in a period of wildly fluctuating values and declining profits; Goodyear cast on Sears the risks which the former normally bore of raw material price declines and credit losses, and so insured its own stability and avoided many of the hazards characterizing business enterprise generally and which were particularly malignant during the depression.

And again, the statute provided two criteria, not merely one. It limited discriminations to a "due allowance" for differences in selling costs, where exactness of computation was possible; but it permitted discriminations if they were "on account" of quantity, where similar exactness could not be attained.

The Commission appears to have given considerable attention to the foregoing contention but finally decided not to agree. The following points are illustrative of its rebuttal. All quantity advantages, tangible and intangible, growing out of the Sears' business were necessarily reflected in the profit and loss statements showing the comparative results of the respondent's business with Sears and with its dealers. Furthermore, the discrimination dealt with here was not a quantity discount as customarily understood in the trade. In the case of the usual quantity discount the difference in price bears some approximate and reasonable relation to the difference in quantity, which is not true of the differences involved in this case. Significantly, the Commission held that the aforesaid

price discrimination was not in accordance with the ordinary and usual principles recognized in the merchandising field, and that so-called "quantity discounts" not justified by approximate savings are in that field ordinarily considered as a form of price cutting. While recognizing the conflict among practical and technical economists as to the intangible value of large orders in minimizing normal business hazards, the Commission determined that the alleged hazards and compensations, to the extent not automatically reflected in profit and loss outcome, were too speculative, intangible, and remote to be reasonably related to price discrimination.

It should be noted here that the Commission also had much to say about Goodyear's construction of the Clayton Act making so vivid a distinction between discounts for savings and discounts for quantity. Its remarks on this point fall more naturally in the broad discussion concerning applicability of the Clayton Act to this contract, with which the long legal jousting apparently wound up and which will be touched upon in the next article.

The Final Order

All these issues and arguments are brought to earth by the Federal Trade Commission in its findings and the issuance of a "cease and desist" order, based upon the proposition that unfair price discrimination was present. The order establishes two tests to which Goodyear must conform. When reduced to bare essentials, they run to the following effect:

(a) Using individual tire prices as a basis, net realized prices to Sears must not be less than those to dealers, when allowance is made for differences in cost of transportation and cost of selling to dealers. According to this test, the unfair discrimination ranged from 11 to 22 per cent on eight popular sizes of tires.

(b) Using aggregate sales as a basis, Goodyear may not earn a

smaller profit on its Sears business than on a similar volume of its dealer business, although in computing these profits Goodyear need charge to Sears no selling and advertising expense incurred in the sale of Goodyear brands and must do so to dealers. Under this test, the discrimination is estimated by the author to have been 8.6 per cent.

The Commission closes the order by suggesting that Goodyear may correct the situation either by lowering its dealer prices or increasing those to Sears.

It is apparent that all manufacturers perform at least some of the functions discussed above. Worries over proper allocation of overhead to different departments, and of selling and advertising expense to different markets, are not new. In this case they became a matter of public concern, and may again. If a manufacturer sells the same branded product to two sizes of customers, his methods of cost allocation may invite inquiry. If goods are packed for a customer under the latter's own brand, the application of the case is direct. The operation by a manufacturer of his own retail outlets may not be pertinent to many, but financial relations between suppliers and customers are common. Where the latter exist, is some one being discriminated against? And in almost any case of unequal price treatment premised on differing quantities, isn't there a conviction of value received in which prim book-keeping has no part at all? There are doubtless other considerations commonly underlying price discrimination in American business that the Goodyear-Sears transaction did not involve. The principle and method of exact measurement implicit in this case however may involve them in the next, always provided that the courts concur with the Commission's view of the Clayton Act.

ARTICLE III, concerning the disputed effect of price discrimination in this case, and setting forth some of the considerations according to prove or oppose control over price discrimination as a matter of public policy, will appear in the next issue.

GENERAL BUSINESS CONDITIONS

BY DISTRICT OFFICES OF DUN & BRADSTREET, Inc.

Baltimore The line of industrial production continued on the upgrade during April, in spite of recessions reported for a few lines. In the heavy industry sector buying of railroad and other capital goods equipment gave stout support to steel producers. Those industries which have contributed most of the recent rise are making larger commitments, indicating their buying program has not yet run its course.

Binghamton After Easter there was the usual drop in the sales volume, but retailers reported that, when comparing the sales at this time with those of a year ago, they were from par to slightly better. Collections in that division are also considered good on the average account.

Boston Retail trade showed an improvement during April, wholesale volume was well maintained, while manufacturing operations were increased, except in some branches of the textile industry. The volume of raw wool which has changed hands during the month was enlarged only moderately, but the tone of the market improved.

The announcement of curtailment of production by some of the cotton goods mills caused a flurry in gray goods buying during the third week of April, and the sale of about 25,000,000 yards placed the market in a much better position. During the week following, however, sales again dropped below production.

Chicago While counteracted, to some extent, by special sales events, the usual post-Easter lull characterized Chicago's retail trade toward the close of April. Nevertheless, turnover was sufficiently ahead of the corresponding

1935 period to maintain the general tone of improvement which has been increasingly evident since the beginning of the year.

Cincinnati Business conditions, on the whole, were reported to be good, in comparison with previous years. While retail stores generally looked for a slump around the week after Easter, department stores generally reported sales well maintained, and substantially better than in 1935. This applied to all lines, not merely to special departments.

Cleveland The automobile and steel industries continued as contributing factors in holding business at its high level during April. While indications point toward reaching the peak around May 15, observers predict only a slight recession, with a sidewise movement along a level higher than since 1930. Retail trade held up well.

Dallas Retail trade held up well after Easter, and continued to show gains over the same period of 1935. Department store sales were up 5 per cent, while men's clothing stores reported increases up to 10 per cent over April, 1935.

Distribution at wholesale, however, slowed down, because of uncertain crop conditions brought on by the prolonged drought. Corn needs rain badly, and a great part of the cotton has not yet been planted.

Dayton The local home modernizing and repair program now is in the neighborhood of \$1,000,000, and more of this type of work is being bought every day. The Dayton office of the Federal Housing Administration reports that about \$1,500,000 has been approved under the provisions of titles one and two of the National Housing Act.

In addition, there is considerable work being done by building loan associations. Much work also is in progress that was not put through F.H.A. facilities, as many new residences are being constructed with private funds.

Detroit Warmer weather in the last few days of April revived the spending proclivities of Spring shoppers, with a resultant increase in sales of women's coats, hats, and shoes. Men's stores reported a widening demand for sportswear, shoes, and haberdashery.

Erie Post-Easter conditions, accompanied by inclement weather, adversely affected retail trade, which declined rather sharply during the last half of April. Wholesale volume, however, expanded, as orders were placed for Summer merchandise.

Industrial operations were advanced and new car sales were satisfactory. Construction, particularly industrial projects, were at the highest level attained for any period since 1931.

Fort Wayne Retail volume showed a good gain, when compared with April, 1935. The records of the State employment service director, based on a survey of 156 firms here, showed a 2.2 per cent increase in employment and a 3.1 per cent increase in pay rolls for March over February, with April indicating a further gain. The building trade was largely responsible for it.

Grand Rapids Clothing merchants reported Spring sales close to 10 per cent ahead of April last year. Retail furniture dealers found their business volume about 14 per cent ahead of the first three months in 1935. The cold weather retarded sales somewhat, but a good business is looked forward to for the balance of the Spring months.

Manufacturers of radios reported volume nearly 50 per cent ahead of last year, with more men employed than at any time in the history of the industry. Additions have been made to various plants in this district.

Indianapolis Retail sales during the last half of April took a downward trend. This decline in volume was attributed to unfavorable weather conditions.

Wholesale dry goods lines showed a decrease of 27 per cent over the same period of last year. Wholesale hardware orders were larger by 7 per cent than in April, 1935. Progress was reported for nearly all industrial divisions during the month.

Jacksonville Wholesale trade was at a high level during April, in spite of declining seasonal activity. While sales in most wholesale lines have dropped slightly from the previous month's total, those of the building material lines increased.

Retail trade has been normal, with clothing merchants showing some gains, following the after-Easter let-down. Citrus and vegetable shipments were steady, with prices well maintained. Potato digging in the Bunnell section was started but stopped immediately, when opening prices were low.

Kansas City The general volume of business in most of the wholesale and retail lines was larger than in April, 1935, in spite of the let-down in buying after the Easter shopping period. Country business was less satisfactory. Bank deposits during the month showed a small gain over the total of March. Loans for commercial purposes remained low.

Los Angeles Retail trade in nearly all lines maintained gains over the corresponding period of last year. The general pace disclosed a steady sustained trend through April, with furniture, radios, electric supplies, and appliances, and wearing apparel showing good increases. Wholesale business was seasonally quieter though volume

held up 10 to 30 per cent over last year's.

Memphis Unseasonably cool weather during April held buying of seasonal merchandise in check, affecting apparel lines particularly. Some let-down also followed Easter, but conditions are regarded as healthy. With the arrival of more Government checks and better progress in agricultural activity, after part of the uncertainty has passed, outlook is considered fairly cheerful.

Minneapolis Despite unseasonably cool weather, which has retarded the sale of Spring apparel, there continues to be a marked upward trend in business volume. Indices which are factors in reaching this conclusion include various percentages of gains in bank clearings, domestic and industrial electric and gas consumption, bank check transactions, postal and customs receipts, street car revenues, and sales of automobiles. There has been some delay in seeding over the grain-growing areas, but moisture conditions are better than for four years.

Omaha Unseasonably cold weather, combined with the realization that April was the driest in many years, tended to slow down business. Department stores, women's wear, hardware, and drug store sales declined. Such lines as building and construction materials, and builders' hardware, reported activity created by Government projects.

In the outstate points, business still was up about 10 per cent, but the apprehension over the lack of moisture is beginning to be felt and a definite tendency to restrict buying was noticed.

Philadelphia A post-Easter lull, combined with chilly weather, retarded trade in this city during the last half of the month. Nevertheless, retail sales during April forged close to 10 per cent ahead of the corresponding period of 1935.

Merchants in the neighborhood stores complained that they were losing the usual between-season

business this year. Unquestionably, there are many losses sprinkled among the gains, but in the aggregate it appears that progress for the season has been made.

Pittsburgh Seasonal factors and a generally higher level of industrial activity helped to maintain retail trade at a much better average than in April, 1935. In men's clothing, both ready-to-wear and custom made, the volume was the best in several years. Women's wear moved at a good rate and, on the whole, retail sales were from 10 to 20 per cent ahead of last year's.

In the wholesale trade, notwithstanding the disorganization from flood conditions, orders were slightly ahead of last year's. There was less satisfaction, however, with collections, which were only fair and losses from bad accounts were somewhat more numerous, due to the flood aftermath.

Providence A recent survey made indicates that little change has taken place in the affairs of local silk and rayon weaving mills, as compared with a month ago, when the industry, notwithstanding the lateness of the Spring goods manufacturing season, was virtually shut down. Of the dozen or so silk and rayon mills in the State only one or two are doing any business at all.

Portland, Ore. There was little decrease in general business activity during April. Department store and other retail sales averaged 8 to 10 per cent better than for the same period in 1935.

Wholesale and retail shoe business was better than for some time. Demand for white shoes was especially good. The trend seems to be more to the medium and better quality items. Industrial activity continued to improve, and the outlook for Spring and Summer is bright.

Richmond Business continued to register improvement in April, and several factors point to a sustained betterment, notably in the labor situation. The quarterly report of the State Industrial Commission

showed that the average number of employees in five Virginia manufacturing groups increased 5.5 per cent during the first quarter of 1936 over the same period of 1935.

Bad weather caused damage amounting to about \$2,000,000 to State roads and also held up normal construction, which will require a greatly augmented road force. Since March 1, about 8,000 workers have been dropped from the relief rolls, and it is believed that by July 1 at least twice this number will be reemployed.

Rochester Electricity consumption for the week ended April 18 aggregated 7,272,252 k.w.h., a 10 per cent gain over the corresponding week of 1935, and a 2 per cent decline from the previous week's total. Checks cashed in the same period amounted to \$23,703,905, a 10 per cent increase over the corresponding week of a year ago, and a 25 per cent decline from the previous one, which was the week before Easter.

Passenger car sales for the first ten days of April totalled 739, a 15 per cent gain over the corresponding period of April, 1935. Department store sales for March equalled March, 1935. February and March combined sales were 8 per cent ahead of the corresponding two-month period of last year.

St. Joseph Wholesale trade in drugs, hardware, candy, dry goods, liquor, and automotive supplies was fair during April, with orders mostly under last year's for the first four months. This was caused largely by the slump during the extreme weather in January and February.

St. Louis Wholesale jewelers reported orders from retailers, in anticipation of an active June graduation season, at from 15 to 30 per cent over last year's, with increasing demand felt for the better grade watches and gems. Wholesale volume in general merchandise was about 5 per cent above 1935 and a slight improvement on the month's comparative.

Industrial activity continued at

a rate better than twelve months prior. Manufacturers of paper bags and paste board boxes ran close to 10 per cent ahead, makers of lacquers and varnishes for industrial purposes about 20 per cent, and farm implement producers as high as 30 per cent. Building activity continued encouraging, and was reflected in the largest volume of orders received by planing mill concerns for any comparable period for some years back.

St. Paul Retail sales for April were hindered by adverse weather conditions but in nearly all lines, especially in the larger trade centers of the district, volume averaged 12 to 15 per cent above last year's figures. Wholesalers' volume for the month, in general merchandise, clothing, and furnishings, held firmly around 15 per cent over the similar period of 1935. The demand for building materials grew steadily and was referred to as the best since 1926.

San Francisco Retail trade continued at the favorable levels of recent months. The best demand was for furniture, men's clothing and furnishings, shoes, and food-stuffs. Department store sales were from 10 to 15 per cent ahead of April, 1935. Reports from wholesalers showed increased orders for steel, lumber, electrical goods, hardware, automobile accessories, and machinery.

The State Labor Commissioner's report for March, against the same month of last year, 1,386 manufacturing establishments reporting, revealed increases of 5.2 per cent in employees, 14.6 per cent in weekly pay rolls and 8.9 per cent in average weekly earnings.

Scranton Since the drop in price of \$1 per ton on coal, effective on April 15, all collieries of the major and leading independent coal companies have been working steadily, with some concerns reporting sufficient orders on hand to keep the collieries working on a full-time basis for several weeks.

A decided trend upward was reported in the shoe industry. In-

creases ranging from 21 to 25 per cent in sales and values have proven to be an encouraging stimulant to wholesale shoe companies in this district. Retail sales have increased and prices have advanced from 25c. to 60c. per pair.

Seattle Topping last year's sales volume by a considerable margin was the report of general retail trade for the Seattle area for April. Many stores had the best Easter sales record since 1929. Men's clothing, women's apparel, shoe stores, and specialty shops found business highly satisfactory. Department store volume was shown to be substantially in excess of last year's.

Syracuse Retail trade continues to show some improvement from week to week during April. There was a material gain over sales for the same period of last year, although weather conditions have not been favorable.

In industrial circles conditions continued encouraging. Several factories reported fairly large unfilled orders, and additional help was taken on in some instances.

Tacoma Wholesale and retail trade during April continued to hold well above the same period of 1935. The Federal Reserve Bank at San Francisco reported that the entire West Coast was about 15 per cent ahead. Locally, the situation was spotted, gains in different lines ranging as high as 28 per cent in the wholesale drug trade, while it is believed that the average was 10 per cent or better.

Toledo Employment declined at the close of the month, following an increase in twelve of the thirteen weeks preceding. The decrease was due almost entirely to slower operations of manufacturers of automobile parts and accessories, who had been running somewhat ahead of assemblies. Output of safety glass was increased during April, while production of container glass was well maintained. Despite the warmer weather, building work has failed to make much headway, as yet.

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